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Abstract

States are expected to raise revenue through taxation, provide security, enforce rights, deliver public services, and build infrastructure. However, contemporary states vary in their ability to perform these tasks. In order to explain variation, I conceptualize state capacity as the ability of the state to coordinate large-scale collective action. I then argue that variation in state capacity is the result of alternative, multi-level and path-dependent solutions that societies adopt to establish political order. At the micro-level, the strategies that individuals use to collectively make demands on political authorities define the ways in which rulers try to remain in power and maintain stability. This in turn determines, at the macro-level, the ability of those authorities to perform other complex coordination tasks associated with collecting taxes, providing security, and delivering public goods and services.

The dissertation tests this theory of political development through a comparative historical analysis of France (1789-1970) and Mexico (1810-1970). During the 1920s and 1930s, the political incorporation of the popular classes—workers, peasants, and lower middle classes—meant that the state had to obtain the support of a greater percentage of the people to maintain order. As a result, these states had to expand the size and scope of their activities and thus to coordinate collective action at a much larger scale than before. Their success or failure in facing those challenges can be traced back to the types of organizations that the popular classes adopted to interact with the state before and during the period of incorporation. In France, these groups mobilized through autonomous, impersonal and internally democratic organizations that demanded public goods, monitored authorities, and resisted the capture of the state by private interests. In Mexico, the popular classes were incorporated through personalistic and hierarchical
organizations that interacted with the state as subordinate clients demanding rents and privileges. Even though both patterns of incorporation were effective in maintaining order during the 20th century, they had opposite effects on the long-term ability of these states to coordinate other forms of large-scale collective action, such as those posed by the requirements of taxation and public goods provision.
Preface

This dissertation is an original intellectual product of the author, Agustín Alonso Goenaga Orrego. None of this material has been published elsewhere. The research project did not require approval from UBC’s Research Ethics Boards.
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List of Abbreviations

AFL, American Federation of Labour
ARD, Alliance Républicaine Démocratique
CANACINTRA, Cámara Nacional de la Industria de la Transformación
CFTC, Confédération Française des Travailleurs Chrétiens
CGOCM, Confederación General de Obreros y Campesinos Mexicanos
CGT, Confédération Générale du Travail
CGTU, Confédération Général du Travail Unitaire
CNC, Confederación Nacional Campesina
CNOP, Confederación Nacional de Organizaciones Populares
CONCAMIN, Confederación de Cámaras de Industriales
CONCANACO, Confederación de Cámaras Nacionales de Comercio
COPARMEX, Confederación Patronal de la República Mexicana
CROM, Confederación Regional Obrera Mexicana
CTM, Confederación de Trabajadores de México
ENA, École Nationale d’Administration
FNC, Ferrocarriles Nacionales de México
FNMF, Fédération Nationale de la Mutualité Française
FNSP, Fondation Nationale des Sciences Politiques
FR, Fédération Républicaine
IMSS, Instituto Mexicano del Seguro Social
ISIM, Impuesto sobre Ingresos Mercantiles
ISSSTE, Instituto de Seguridad y Servicios Sociales para Trabajadores del Estado
NAFINSA, Nacional Financiera
NRC, Natural Resource Curse
PCF, Parti Communiste Français
PCM, Partido Comunista Mexicano
PLC, Partido Liberal Constitucionalista
PLM, Partido Laborista Mexicano
PNA, Partido Nacional Agrarista
PNR, Partido Nacional Revolucionario
PR, Parti Radical
PRI, Partido Revolucionario Institucional
PRM, Partido de la Revolución Mexicana
SFIO, Séction Française de l’Internationale Ouvrière
SOEs, State-Owned Enterprises
UCSASF, Union Centrale des Syndicats des Agriculteurs
UIMM, Union des Industries Métallurgiques et Minières
WWI, World War I
WWII, World War II
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Years ago, Adriana inspired me to finish my first novel. She now teaches me everyday how to live a meaningful and happy life. This dissertation is dedicated to her.
For Adriana and to my parents,
Chapter 1: Introduction

At bottom, despite the differences in epochs and objectives, the representation of power has remained under the spell of monarchy. In political thought and analysis, we still have not cut off the head of the king. Hence the importance that the theory of power gives to the problem of right and violence, law and illegality, freedom and will, and especially the state and sovereignty (even if the latter is questioned insofar as it is personified in a collective being and no longer a sovereign individual).

—Michel Foucault, History of Sexuality

During the 19th century, France participated in several foreign wars, from the expansion of the Napoleonic Empire to the conflict in Crimea and the imperial expeditions in Algeria and Mexico. At the same time, national governments were toppled by popular movements in 1815, 1830, and 1848. In 1871, the government lost control of Paris, which was ruled for two months by the communards, after being swiftly defeated during the Franco-Prussian war. Until the Third Republic, the French state was chronically incapable of maintaining political order and extracting enough revenue to finance its operations. War was financed through debt, not taxation. The entire political system was built upon the principle of the état-à-bon-marché, the cheap state, taxing very little and providing very little in return. It would be during the interwar years, however, in a period characterized by weak and fragmented governments, a massive financial crisis, and a country ravaged by the Great War, that the French state would transform itself, finally consolidating a stable political system after more than a century of instability and revolutionary turmoil. During the 1920s and 1930s, the French state began to expand its fiscal
capabilities, as well as the delivery of a wide array of public goods and services. The institutional foundations for the strong state that steered the *dirigiste* economy of the *Trente Glorieuses* (1945-1975) were put in place at the dusk of the Third Republic, by weak central governments that were torn apart between a vociferous labour movement, unrelenting conservative forces, and hostile business interests. In France, weak governments engendered a strong state.

Mexican governments were also incapable of creating a stable political system during the 19th century. Local and regional strongmen repeatedly fought to gain access to the depleted public coffers. Foreign invasions destroyed whatever was left of state institutions. Taxation and public services were virtually non-existent. Additionally, the unbridled conflict for power between elites was enhanced by the exclusion of the popular classes from the political arena. Some of this changed, however, with the Revolution of 1910-17, which spawned a party-state under the leadership of the Partido Revolucionario Institucional (PRI). The new party gathered the victorious warlords of the revolution, organized labour, and the most powerful business interests in the country. The party became so strong that it remained in power for more than 70 years. However, the Mexican state became a cumbersome giant. Taxation did not significantly grow during the 20th century. The state produced an increasing amount of public goods only to watch over their congestion and depletion. Mexican governments pushed forward major transformative projects in the 1930s, including the nationalization of the energy sector and a massive land reform, only to see them fail by the 1970s. In Mexico, strong governments produced a weak state.

This is the empirical puzzle that inspired this dissertation: Why did the French state emerge out of the most unlikely conditions of devastation, crisis, and political fragmentation, as one of the strongest states in history, while the Mexican state, despite a long period of strong
central governments, continued to be chronically limited in its ability to tax the population, provide security, and supply public services? More generally, what explains the dramatic variation in levels of state capacity across countries during the 20th century?

State capacity is a central concern for the study of comparative politics and international development today. It is seen as a key component of good governance and a necessary condition for democracy to matter in citizens’ everyday lives. Since the end of the Cold War, the normative virtues of democratic politics have become insufficient to convince marginalized and oppressed populations that urgently demand efficient services, security and economic well-being. In many parts of the world, this sense of urgency and the inability of many democratic governments to deliver on their material promises have strengthened the arguments of authoritarian and semi-authoritarian regimes, from China and Russia to Venezuela and Iran, who justify limiting freedoms and political inclusion for the sake of efficiency. In other parts of the world, non-state actors have capitalized on weak states to carve out spaces of sovereignty and impunity, from religious extremists to criminal organizations and untethered businesses.

Therefore, explaining the processes that shape state capacity is relevant for pragmatic and democratic reasons. Pragmatically, states are today the only actors that can provide essential goods to large populations, such as security (national, public, human), protection of individual rights, and the infrastructural and institutional foundations for economic development. Where states fail to achieve these goals, large numbers of people are vulnerable to natural and social calamities, arbitrary violence, and poverty.

Furthermore, democratic reasons also motivate us to care about understanding the causes of variation in state capacity. There is an old liberal and libertarian suspicion against strong states. We have come to think about liberal democratic institutions—the separation of powers,
the accountability of elected officials, the rule of law—as checks on the predatory instincts of rulers and state abuse. As a result, this narrative has helped autocrats around the world exaggerate the messiness and gridlock of democracies as signs of unwieldy and inefficient political systems.

However, democratic institutions can be enabling—and not just constraining—in a very specific way: by providing solutions to large collective action problems, such as the ones that plague many of the goods that we expect states to provide. Understanding how states develop the capacity to overcome those collective action problems in order to successfully provide valuable goods and services to their populations can provide us with an additional defense of democratic governance, one that is grounded not only on the moral principles of democracy but also on its functional merits.¹

The comparative study of state capacity has matured in the last two decades. Since the 1990s, dominant theories of political development have focused on factors that are exogenous to domestic politics, such as the legacies of warfare² and high international prices for natural resource endowments³, to explain cross-national variation in state capacity. They have argued that these exogenous factors pose (or remove) the incentives that rulers face to supply public goods, and that in the absence of such incentives rulers do not invest on state institutions. In the Bellicist story, rulers centralize coercive and administrative resources in order to face military pressures, offering in exchange public goods to the population. For Natural Resource Curse

¹ See for example the arguments made by Cameron 2013; Thornhill 2013; North, Wallis, and Weingast
(NRC) theories, easy access to rents from foreign markets makes rulers less interested in centralizing coercive and administrative functions or in supplying public goods. Instead, resource rents offer incentives for rulers to focus on securing control of those economic enclaves and maintain power through the distribution of patronage.

However, a wave of recent studies has qualified the claims to universal applicability of Bellicist and NRC theories.\(^4\) For every example where we observe these causal relationships between exogenous factors and state-building efforts, there is another case where war and natural resources seem to affect state institutions in the opposite direction. Miguel Ángel Centeno (Centeno 1997; 2003) and Jeffrey Herbst (2000) have shown that war does not always build strong states, but often leads to cycles of debt and instability, as in most cases in Latin America and Africa. Similarly, Stephen Haber and Víctor Menaldo (2011), Marcus Kurtz (2009; 2013), and Ryan Saylor (2012; 2014) have argued that natural resource endowments and commodity booms do not always cripple state institutions, as has been the case in Canada, Australia, Norway, and Chile. Why did war strengthen European states but weaken Latin American ones? Why do commodity booms hinder political development in some cases, but push for the expansion of state-supplied public goods in others?

Institutional economists have argued that institutions, especially those that empower economic actors to protect their property rights (e.g., parliaments), explain long-term trajectories

of political and economic development. In their accounts, the institutional frameworks that regulate access to markets and the state always mediate the effects of exogenous shocks. However, differences in levels of state capacity even among countries with democratic institutions vary enormously, from Greece to Sweden and from Peru to Chile. In many new democracies, representative institutions do not seem to have the capacity-building effects that they generated in Western Europe and North America during the 20th century.

As these general theories of political development have come under fire, another strand of the literature has moved towards context-specific arguments based on detailed case studies and small-n comparisons. These arguments emphasize instead the role of domestic factors to explain why certain states are better able to supply basic public goods to their populations. They emphasize, for example, the timing of the demise of labour repressive agriculture and the incorporation of the working classes (M. Kurtz 2013); the position of economic actors in relation to the ruling coalition (Saylor 2014); and land property regimes and the social structure of rural communities (Boone 2003; 2014). Unfortunately, the gains in internal validity of these studies have come at the expense of parsimony and generalizability.

This dissertation is an effort of theoretical reconstruction and synthesis. It seeks to contribute to the accumulation of knowledge in the discipline by providing a general theory of the sociological and institutional factors that influence the development of state capacity. The project encompassed three tasks: concept formation, theory-building and theory-testing. In the

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6 See for example: Mann 1984; Mann 1986; Mann 1993; Mann 2012a; Mann 2012b; Waldner 1999; Soifer 2006; Soifer 2012; Migdal 1988; Callaghy 1984; Boone 2003; Boone 2014.
first place, this dissertation offers a new conceptual and measurement strategy of state capacity. In chapter 2, I define state capacity as the ability of the state to coordinate large-scale collective action necessary to supply public goods, and develop a composite index to measure the evolution of a portfolio of state-supplied public goods across cases and across time.

The second contribution of the dissertation is a theoretical model that explains how different patterns of state-society relations emerge, how they shape the long-term development of state capacity, and how they affect the performance of democratic institutions and mediate the effects of exogenous factors on the supply of public goods. In chapter 3, I argue that differences in levels of state capacity are fundamentally explained by differences in access by the population—especially the popular classes—to organizational resources. Where everyone in the polity can join existing political organizations (associations, unions, parties) or has the conditions to create new ones, social relationships become impersonal and an institutional ecosystem evolves around the exchange of state-supplied public goods for political support. Conversely, where organizational resources are restricted to elites that act as intermediaries between the state and the rest of the population, social relationships remain personalistic, and the institutional ecosystem develops around the allocation of private goods in exchange for political support. Consequently, exogenous shocks like international wars or commodity booms have opposite effects on the development of different political systems.

Finally, this dissertation tests the theoretical expectations of the model in the cases of France (1789-1970) and Mexico (1810-1970). Chapters 4-6 offer a comparative historical analysis of the changes in social relations that transformed the organizational landscape in

7 The term “popular classes” refers here to the peasantry, the working class (in the formal and informal economies), the unemployed, and the lower middle classes.
France during the 19th century but not in Mexico, and how these changes drove the different trajectories of both states as they consolidated political order during the following decades.

In the remainder of this introductory chapter, I first justify the case selection of France and Mexico and describe the empirical puzzles that they pose. I then offer a detailed review of the literature on state capacity in order to present, in the third section, an overview of the theoretical argument and the gaps that it seeks to address. Fourth, I foreshadow the empirical findings of the dissertation, summarizing how the Organizational Theory of Political Development explains the long-term trajectories of state-building in France and Mexico. Finally, I describe the research design of the project.

1.1 Case Selection: Revolutions, Popular Incorporation and the Evolution of Public Goods in France and Mexico

Conventional views of the political development of France and Mexico during the 20th century describe them as “statist societies”, with very large public sectors, a state led-economy, and an overpowering presence of the state in the citizens’ lives. During the 1930s and 1940s, both states nationalized large portions of the economy and directed the industrialization of the country; they employed more than a fifth of the labour force, and invested heavily in the production of a national identity.

However, when we look at the performance of these states regarding their ability to coordinate collective action, to successfully implement political decisions throughout the territory, and to provide public goods to their populations, the gap between France and Mexico is huge. By 1970, France taxed almost 40% of its GDP while the Mexican state barely reached 8%. France had developed a welfare state with almost universal coverage from “cradle to grave”
while the Mexican welfare system covered less than 20% of the population. The state owned-enterprises (SOEs) in France were drivers of economic growth and technological innovation, while the Mexican SOEs started to face the bankruptcies that led to the collapse of the model of Import-Substitution Industrialization. Why is it that these two massive states that emerged during the 20th century developed such different capabilities in the long run?

The comparison of these two countries allows us to distinguish between two different variables that are often conflated in the literature on political development: on the one hand, the concentration of power by state actors, and, on the other, state capacity. Or, to put it in Michael Mann’s terms, the comparative historical analysis of France and Mexico highlights the importance of the distinction between despotic power, that is, “the range of actions which the elite is empowered to undertake without routine, institutionalized negotiation with civil society groups”, and infrastructural power, or “the capacity of the state actually to penetrate civil society, and to implement logistically political decisions throughout the realm” (Mann 1984:113).

This conceptual distinction is essential in order to disentangle the theoretical claims of those arguments that emphasize the role of revolutions, wars, and natural resource abundance, on state capacity, and to evaluate the ways in which different patterns of state-society relations may unlock synergies that facilitate large-scale coordination. Those accounts that emphasize the role of revolutions, wars or natural resource booms, are based on the idea that these events change the incentives that state and societal actors have to push for the concentration of power in the national centre. However, the relationship between this process of centralization and the evolution of state capacity is something that is often assumed and only rarely empirically studied.
Here is where the comparison between France and Mexico can offer some valuable insights. The state-building efforts that both countries experienced during the early 20th century, as the result of the incorporation of the popular classes into the political system, marked a critical juncture in the development of their states. Starting in the 1920s, both cases began to move away from the minimal, oligarchical states of the 19th century, to build large “social states” that grew exponentially in terms of their size and scope of activities. It seems then that the long-term divergences in terms of state capacity were not associated with the incentives that actors had to invest in state-building but rather require us to explain the ability of state actors to actually carry out those efforts successfully.

In France, growth in state capacity did not coincide with the emergence of strong central governments. The centralization of power generated by the 1789 Revolution was significantly undermined during the 19th century, as governments were frequently toppled (1830, 1848, 1870) by popular revolts and political polarization. As Eugen Weber (1976) famously noted, by 1870, the French state could barely reach the countryside.

It was only in the aftermath of World War I that the French state expanded the supply of public goods. However, the war did not push for the centralization of power by the national government. On the contrary, against Bellicist expectations, it strengthened societal actors—from the radicalized labour movement to the strong business interests that offered the loans to finance the war efforts—which generated several political crises during the 1920s and 1930s. Post-war governments in France remained weak and incapable of investing heavily in the expansion of the coercive and administrative machinery of the state. Instead, scrambling to accommodate the opposite demands of strong societal actors, they responded by farming out their supply to civil society organizations and slowly building a “network state” during the 1920s.
and 1930s (Pierre Rosanvallon 2007). The expansion of public goods and services in France began as an ad hoc strategy of co-production that only under the Fourth Republic became under the full direction of the state, still carrying however the institutional legacies of its decentralized origins.

In Mexico, as in the rest of Latin America, military pressures did not contribute to the concentration of political power and the creation of a professional administrative structure during the 19th century. It was the commodity boom of the 1870s that made possible the centralization of power under Porfirio Díaz’s dictatorship (1876-1910). The social revolution of 1910-1917 pushed this centralization further through a domineering state apparatus unseen elsewhere in Latin America. Yet, despite the concentration of power in the national executive, the supply of public goods remained limited, volatile, and vulnerable to private appropriation throughout the rest of the century.

Oil-dependence became, indeed, a signature feature of the weaknesses of the Mexican state. However, this dependence only began in the late 1960s and especially during the oil boom of the 1970s. Before then, the weakness of the Mexican state was not the result of natural resource abundance. From 1900, when the first oil reserves were exploited, to 1938, when the oil industry was nationalized, the Mexican state could only obtain limited revenue by taxing the foreign firms that controlled the oil sector. Moreover, oil reserves were already declining and by 1930 were producing less than 20% from their peak levels a decade before. Against NRC predictions, the expropriation of the oil sector in 1938 was not part of a predatory attempt by the central state to capture oil windfalls, but was an unintended consequence of a political conflict between the state, the oil workers’ union, and the oil companies. Furthermore, the nationalization of the oil sector did not hinder attempts to expand the production of public goods. On the
contrary, it was accompanied by state-building efforts, but these efforts failed to maintain a sustained growth in the supply of public goods. As soon as these public goods were created, they were captured and depleted by powerful vested interests in Mexican society. The lack of success of the Mexican state to build strong institutions between 1940 and 1970 meant that when a second oil boom began in the 1970s, the increase in oil windfalls rapidly dwarfed other revenue streams due to the inability of the state to collect taxes. This sequence of events goes against the predictions of NRC theories: natural resource abundance did not cause weak state capacity, but rather weak state capacity caused natural resource dependence.

1.2 Literature Review

After the momentum that democratization studies gained during the 1990s, research on the causes and effects of state capacity has shifted to the center of many debates in comparative politics and international relations. The renewed interest in state capacity has come largely as a result of the unfulfilled expectations that democratic transitions initially created in the developing world. Since the 1990s, low-quality democracies have proliferated in many parts of Sub-Saharan Africa, Latin America, Eastern Europe and Central Asia. As a result, the difficulties that these states persistently face to maintain order, guarantee public safety, extract revenue, develop infrastructure, manage public services, and foster economic growth, have moved back to the forefront of debates within and outside academia. Even in advanced industrialized

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8 See, for example, the following academic books that had a large impact on public debates: North, Wallis, and Weingast 2009; Fukuyama 2012; 2015; Acemoglu and Robinson 2013; Ferguson 2013; Piketty 2014.
democracies, the 2008 financial crisis has rekindled discussions around the capacity of the state to regulate society, to defend the general interest, and to resist pressures from private actors.  

We are today at a crossroads in the study of state capacity, where we can reap significant theoretical payoffs by addressing two limitations in the literature: (1) the chaotic proliferation of definitions and indicators of state capacity, and (2) the shift from general theories to a multiplicity of context-specific arguments.

1.2.1 Concept-Stretching and the Proliferation of Indicators

The first hindrance to the accumulation of knowledge in the study of state capacity is related to the ambiguities in its conceptualization and the chaotic proliferation of indicators that this has produced. These problems of conceptualization and measurement are widely recognized in the literature. At least two special issues of prestigious journals in comparative politics and development studies—Studies in International Comparative Development 2008, vol. 43 and Revista de Ciencia Política 2012, vol. 32, no. 3—have published in recent years collections of papers discussing the definitional and operational difficulties of terms like “state capacity”, “state strength”, and “stateness”.

These conceptual ambiguities are related to the tendency in the literature to subsume assessments of state performance, institutional properties of the state, and even assumptions about policy preferences under the label of state capacity. Even though most uses of the term “state capacity” roughly refer to the same background meaning—the ability of the state to govern

9 See, for instance, the articles of the special issue of the Revue Française de Sociologie edited by Desmond King and Patrick Le Galès in 2011, the publications of the TranState Research Centre based at the University of Bremen, and the forthcoming Oxford Handbook of Transformations of the State (Leibfried et al. 2015).
its territory, impose order, extract revenue, and provide certain services, such as the protection of civil and property rights, public safety, and productive infrastructure—, once the concept is systematized and applied in empirical research, state capacity begins to mean many different things. For some, state capacity is reducible to the coercive or extractive capabilities of the state\textsuperscript{10}, while others see it as an inherently multidimensional concept involving fiscal, coercive and administrative functions.\textsuperscript{11} In some accounts, state capacity is a property of a particular actor, namely the central government\textsuperscript{12}, while for others it is an emergent property of the interaction between different levels of government and civil society organizations.\textsuperscript{13} Some authors treat state capacity as the ability of a ruler to make political decisions without societal constraints—what Michael Mann calls “despotic power”—while others emphasize the ability of the ruler to actually carry out those decisions—or “state infrastructural power”\textsuperscript{14}. Finally, some authors include in their conceptualization of state capacity the organizational features of the state—e.g., the presence of a merit-based bureaucracy\textsuperscript{15}—while others measure state capacity through indicators of state outputs regarding tax collection, economic development, or combating insurgents.\textsuperscript{16} Therefore, in empirical research about the origins of state capacity, it is not always clear what exactly the dependent variable is.

This problem of concept-stretching is intensified by a chaotic proliferation of indicators. As the systematized concept of state capacity has been stretched in different directions, it has

\textsuperscript{11} Hendrix 2010; Soifer 2012; Hanson and Sigman 2013.
\textsuperscript{12} Skocpol 1979; Saylor 2012; Saylor 2014.
\textsuperscript{14} Mann 1984; Mann 2008.
\textsuperscript{15} Evans and Rauch 1999; Bäck and Hadenius 2008; Rothstein, Samanni, and Teorell 2012; Teorell and Rothstein 2012.
also engendered a flurry of indicators that claim to directly or indirectly measure state capacity. Two recent reviews of the literature identified over 20 different quantitative indicators of state capacity, including measures of the size of the army (military personnel and spending) and military involvement in politics (ICRG index of military in politics), infrastructural development (road density) and administrative projects (frequency of censuses), quality of bureaucracy and contract enforcement (ICRG indexes on these topics), tax ratio and composition of public revenue, economic growth, commodity and fuel exports as a proportion of GDP, and measures of democracy (Polity Index), among others. This has hindered our ability to compare the claims of different studies and generate robust assessments of relative levels of state capacity across time and across cases. If our assessments of state capacity are highly sensitive to our choice of indicators, then the robustness of our theories of political development is also questionable.

1.2.2 From General Theories to Context-Specific Explanations of State Capacity

The second feature of contemporary research on state capacity has been a shift away from general theories towards context-specific arguments. Recent studies on the evolution of state capacity are often framed as re-evaluations of how much of cross-national variation in state capacity is accurately explained by three causal factors: the experience of military rivalries, natural resource endowments, and the adoption of political institutions capable of constraining the predatory impulses of rulers. As the literature identifies more exceptions to the predictions of these theories, it is worth asking whether there is a parsimonious way of explaining those “exceptions”. In what follows, I first summarize the causal logics of these three general theories

17 Hendrix 2010; Hanson and Sigman 2013.
and then present some arguments from influential case studies and small-n comparative research that have challenged their claims. The theory of state capacity that I advance in this dissertation seeks to synthesize the insights of this literature in order to systematically explain divergent trajectories of state formation and why exogenous shocks have contradictory effects across different sets of cases.

1.2.2.1 Bellicist Theories

One of the most influential explanations of the development of state capacity builds on the fiscal-military model of state formation. The classical version of this argument is Charles Tilly’s description of the state as a protection racket (Tilly in Evans, Rueschemeyer, and Skocpol 1985). From this perspective, central rulers were capable of offering protection to the populations in their territory in exchange for revenue. The military revolution of the late Middle Ages, brought about by technological developments such as the lightly armed mass infantry, the longbow archers, and the invention of cannons, made warfare more costly on towns and cities (Spruyt in Boix and Stokes 2009:214). In order to build mass armies, monarchs had to rely much more on resources controlled by their subjects, not only to finance long-lasting and expensive wars, but also to populate their mass infantries. This had a fundamental effect in the contract between rulers and subjects, leading to the rise of the centralized sovereign territorial state as an institutional form. As evolutionary pressures generated by the bellicose environment between the 15th and 18th centuries continued, other forms of political organization (city-states, city-leagues, towns).

Footnote:
18 Hintze 1975; Tilly and Ardant 1975; Tilly 1993; Downing 1993.
Empires) gradually disappeared and states began to emerge all over Western Europe (Spruyt 1996).

This line of thought has been applied to explain divergences in the level of state capacity across contemporary states. Thinking counterfactually, these approaches have argued that the absence of territorially oriented mass warfare in some parts of the world explains the atrophy of their political structures. Robert H. Jackson and Carl G. Rosberg (1982) suggested that the normative transformation in the international system that followed World War II fixed existing borders and reduced inter-state warfare. In the absence of the incentives posed by the threat of war and enjoying the legitimacy that came from international recognition, African rulers had no reason to invest in the construction of professional bureaucracies, efficient fiscal policies or the provision of public services.

Along these lines, Herbst (2000) argued that low demographic pressures and a vast territory spared pre-colonial African polities from the pressures of warfare. The availability of land made exit a more attractive option than fighting. European colonialism did not change this, since it tended to only establish governmental institutions in the coastline, from where European merchants extracted resources (raw materials, precious minerals, slaves) without developing the state infrastructure outside the commercial centers. The imperial world-system created artificial boundaries, where it was not necessary to invest in constructing state infrastructure to protect the hinterland. This phenomenon was perpetuated by the post-World War II state-system, which granted juridical sovereignty to the newly independent African states and took away the external pressures that would otherwise incentivize political elites to invest in efficient public administrations.
Miguel Ángel Centeno has proposed a similar argument for the Latin American context. According to him, although Latin American countries have often been marked by widespread violence, they have not organized their states with the purpose of mobilizing for large-scale warfare (Centeno 2003:21). The limited wars that have characterized Latin American states produced very different institutional outcomes than the total wars of Western Europe. Instead of expanding the state’s extractive capacity, Latin American states financed limited wars by expanding public debt. These limited wars engendered militaries whose activities had little connections with the general population, and instead of fostering nationalist feelings they alienated patriotic symbols (Centeno 2003:23). Instead of building state institutions through “blood and iron”, Latin American states grew out of “blood and debt” (2003:23).

Other bellicist arguments have recently taken the form of cross-national quantitative analyses. For instance, Cameron J. Thies looks at external rivalries, rather than the actual occurrence of war, as the key driver of state capacity (Thies 2004, 2005, 2006, 2007). He argues that external rivalries and internal ethnic rivalries (but not political ones) have positive effects on taxation as a percentage of GDP (Thies 2004). In a series of articles covering Sub-Saharan Africa and Latin America, Thies repeatedly finds a positive correlation between inter-state rivalries and extractive capacity.

In sum, the causal logic of Bellicist arguments holds that war and military rivalries generate incentives for rulers to centralize power, to increase revenue through taxation and to build sophisticated public administrations. Warfare also gives incentives to the population to accept this centralization of power in exchange for protection and other public goods.

These arguments, however, face serious challenges on theoretical and empirical grounds. Theoretically, they tend to conflate the emergence of the state as an institutional form with the ability of different states to pursue certain activities. Tilly’s famous dictum that “war made the state and the state made war” was an argument about the pressures that led to the reorganization of political authority around the defining features of the state: territoriality, sovereignty and nationality. It was not an explanation for why states perform differently in the long run. Those are two different dependent variables that are likely to be shaped by different causal factors (Teorell and Rothstein 2012:11).

Empirically, the analyses of non-European cases raise important questions about the state-building effects of war. Centeno’s argument is that Latin American states faced the “wrong kind of wars” and therefore rulers never had the incentives to invest in state institutions the way European rulers did (2003:127-138). He then claims that Latin America did not experience total wars similar to those in Europe because Latin American states lacked the capacity to fight them (2003:67, 99-100). This leads Centeno to a circular argument: total war is necessary for states to develop higher levels of state capacity, but states need higher levels of state capacity to take part in total wars.

Even the poster-child cases of Bellicist theories are not always consistent with the expectations of their arguments. In Tilly’s theory of state formation, Capetian France was the paradigmatic case of a territorial state that emerged from military pressures during the Middle Ages (Tilly 1993). This does not mean that the high levels of state capacity that France developed during the 20th century are also related to the effects of war. During the 18th and 19th century, France participated in all kinds of wars, from European conflicts to Imperial adventures, without experiencing radical changes in its levels of state capacity. Famously, since the 17th
century and until the aftermath of World War I, military expenditures were financed through public debt not through taxation, just like in the Latin American story (Delalande 2011). Moreover, the expansion of state capacity in France during the 1930s does not fit with the causal logic of these theories. It did not follow the centralization of power in the national government but rather occurred at a time of fragmentation and contestation. It did not result from the acquiescence of societal actors to state authority, but from their distrust and contestation.

Finally, an alternative version of the effects of violence on state-building, not directly related to Bellicist theories but sharing a similar causal logic, has argued that not only foreign military rivalries but also certain types of domestic conflicts can generate state-building efforts. Most famously, Theda Skocpol (1979) claimed that the experience of social revolutions created more autonomous and stronger states in France, Russia, China, and even Mexico (1979:3). According to her, the emergence of popular groups available for political mobilization helped revolutionary state-builders to centralize power away from the defeated landed elites and build larger, bureaucratic and mass-incorporating states. Similarly, Steven Levitsky and Lucan Way (2013) have more recently argued that revolutionary regimes tend to be much more durable than other forms of regime change. In their account, regimes that emerge from a social revolution are much stronger than other regimes because of four factors: (1) they destroy alternative centers of power; (2) they establish strong ruling parties with an active militancy, strong partisanship, intense within-group loyalties, and high levels of legitimacy (at least for the founding generation); (3) they maintain control over the military; and (4) they produce powerful coercive structures in response to counterrevolutionary forces.

Skocpol and Levitsky and Way share the bellicist view that the experience of conflict—social revolutionary in their case—facilitates the centralization of power and the ability of the
central government to impose its will on society. These arguments however seem to conflate despotic with infrastructural power and coercion with capacity (see Mann 1984, as well as the discussion of these concepts in Chapter 2). As we will see for the cases of France and Mexico, two paradigmatic post-revolutionary states, the relationship between social revolutions, the concentration of power in the central government, and the capacity to steer society and coordinate collective action at a large scale is not as straightforward as these authors suggest.

1.2.2.2 Natural Resource Curse Theories

A second explanation of variation in political development has been proposed around the idea that availability of natural resource rents removes the incentives for rulers to invest in state-building institutions. Initially, Natural Resource Curse (NRC) theories focused on the effects of resource rents on economic growth.20 With the institutionalist turn in political science, NRC theories began to also explore the effects of resource rents on democracy and state capacity.21

The connection between natural resource rents—particularly mineral resources and oil—and state capacity operates through two mechanisms. First, rentier states rarely develop sophisticated and expansive administrative and fiscal infrastructures because they do not require revenue from their population to finance their activities. Mineral resources are easy to tax since their production is geographically concentrated, extremely profitable, and poses high entry-barriers to potential competitors. Second, resource rents undermine investment in state institutions and public goods by diverting public resources into patronage and corruption. This

combination of weak bureaucracies, feeble fiscal systems, and networks of clients that depend on state resources create path-dependent trajectories that resist change.

Terry Lynn Karl’s work was the first to offer a full exploration of the effects of oil windfalls on state capacity (1997). Karl argued that countries that are dependent on the same export activities display similar trajectories of political development. Economic activities determine the origins of state revenues, thus shaping the acquisition of state capacities, defining the behaviour and organization of the public administration, structuring social classes and political coalitions, and determining how policy is made and public resources spent. According to her model, oil dependence reinforces itself over time because rentier states tend to create strong vested interests among the population, thus breeding the social forces that will resist attempts to change paths in the future. This “oil based social contract” whereby business, middle-class, and labour interests are linked with the state generates a gap between, on the one hand, an extensive jurisdictional role of the state and, on the other, very weak mechanisms of authority (Karl 1997:57-58). Because oil windfalls go directly into state coffers, they expand the role of the state in society, pushing for greater public intervention in the economy and higher degrees of centralization and concentration of power in the national executive. However, the high profitability of oil and its concentration in geographical enclaves allows rulers to obtain revenue without crafting efficient strategies to extract resources from the population or even other economic sectors beyond oil exports. The size of the public sector in petro-states grows but it rests on an administrative apparatus that lacks the authority and cohesiveness to effectively carry out its tasks. Petro-states thus become overstretched and ineffective, and when they try to reform and change paths, they face severe resistance from the societal actors that they have empowered.
In Karl’s own words, “petro-states became weak giants that could be rendered ineffective by hundreds of rent-seeking Lilliputians” (Karl 1997:60).

At the same time that Karl was developing her argument about the resource curse through a case study of Venezuela, Kiren Aziz Chaudhry offered a similar explanation for the developmental patterns of Saudi Arabia (1989; 1997). Chaudhry argued that oil windfalls relieved the state from the pressure to tax its population and avoid the social and political conflict that usually accompanies taxation. However, this also had two long-term negative effects. First, the Saudi state never developed extractive institutions, which are—according to Chaudhry—the first and most intrusive economic act of the state, “involving the centralization of the fiscal apparatus, territorial control, political and economic decisions about entitlements, the acquisition of information, and the design and implementation of collection mechanisms and enforcement procedures (1997:33). Second, oil revenues generated fiscally autonomous distributive agencies that shaped the development of the private sector, displacing old economic actors and breeding “new classes of entitlement groups through state spending” (1997:34). Again, as in Karl’s story, when oil prices plunged in the 1980s and reforms were needed, the Saudi state was unable to regulate, tax, provide services or withdraw subsidies, since a dependent private sector resisted those changes. Instead, its only alternative to cut down expenditures and satisfy the vested interests of its economic clients was to benefit them directly through favourable business concessions (1989:112; 1997:36-38).

However, we know that resource rich countries often escape the problems associated with the sudden inflow of rents, as has been the case with Norway, Botswana, Chile, Canada, the
United Kingdom, Australia, or United States. In many of these cases, commodity booms and export-revenues actually pushed for the expansion of public goods, including institution building, rather than an erosion of state capacity. In her brief discussion of the Norwegian case, Karl argued that a professional civil service and the absence of oil-based vested interests protected the Norwegian state from the extreme negative consequences of the discovery of oil reserves in the late 1960s (1997:213-221). Moreover, throughout the book, Karl suggests in repeated occasions that oil and natural resource rents do not create patronage systems in all states, but only in those cases where state-society and market-state relations are already organized in terms of clientelistic networks. Indeed, commodity booms put a large amount of financial resources in the hands of the state with very little political costs. However, they do not determine a priori whether those resources will be spent to provide rents for certain groups or to invest on state institutions and public goods.

In recent years, scholars have questioned the theoretical expectations of classical NRC formulations, often frontally rejecting them. These critics first point out the need to distinguish natural resource abundance from natural resource dependence (Brunnschweiler and Bulte 2008; Dunning 2008). Second, they argue that resource dependence, as captured by measures of natural resource exports as a percentage of GDP, may result from other factors that have nothing to do with resource endowments, such as the quality of political and economic institutions. In other words, they flip the causal relationship, claiming that weak state capacity makes rulers depend on natural resource rents for survival, while natural resource abundance has no effect (or maybe

23 Mehlum, Moene, and Torvik 2006; Dunning 2008; Brunnschweiler and Bulte 2008; Haber and Menaldo 2011; Ross 2012.
even a positive one) on the long-term development of state capacity (Brunnshweiler and Bulte 2008; Haber and Menaldo 2011).

Christa Brunnschweiler and Erwin Bulte (2008) show that certain institutional designs—namely, presidential systems where sectoral lobbies from resource industries have more influence—hinder industrialization, generating insignificant non-resource sectors and thus making the state depend on primary sector extraction. This inverts the direction of the causal arrow, suggesting that oil dependence results from bad institutions rather than the other way around. Resource abundance, measured in terms of resource stocks, actually leads to better institutions and more rapid growth.24

Along these lines, Ryan Saylor has recently argued that rulers react differently to commodity booms depending on coalitional politics and not just revenue maximizing considerations (2012; 2014). Focusing on Latin America and Sub-Saharan Africa, Saylor argues that commodity booms can trigger state-building efforts depending on whether export-based economic elites are inside or outside the ruling coalition. He identifies two “demand-side” mechanisms whereby coalitional politics may change the direction of the effect of commodity booms. First, if export-oriented elites are part of the ruling coalition, they will demand public goods (e.g., available credit or productive infrastructure such as roads and railroads) from the state in order to take advantage of the new business opportunities. Second, if export-oriented elites are outside the ruling coalition, political insiders will try to curtail their political ascendance by strengthening institutions of surveillance and control (Saylor 2014:32).

24 See Mehlum, Moene and Torvik (2006) for a similar argument, where the focus on institutions is less on institutional design and more on the quality of their performance, as measured by the Political Risk Services indexes of rule of law, bureaucratic quality, corruption, risk of expropriation and government repudiation of contracts. Also see Robinson, Torvik and Verdier (2006).
Similarly, Stephen Haber and Victor Menaldo have challenged NRC theories in relation to the development of state capacity, economic growth and, particularly, democratization (Haber and Menaldo 2011). They argue that weak state capacity has preceded the discovery of oil and other minerals in developing countries. This indicates, again, that it is poor state capacity that pushes rulers with pressing fiscal needs to focus on searching for resources and extracting them at high rates, in order to obtain the rents needed for political survival (Haber and Menaldo 2011:2). Resource-dependence is the result of low levels of state capacity, not the other way around.

A process-tracing analysis of a poster-child case for NRC theories such as Mexico lends support to those critics who argue that pre-existing levels of state capacity and political institutions mediate the effects of commodity booms and busts. As I show in later chapters, weak state capacity in Mexico preceded the discovery and exploitation of oil reserves in the country during the booming periods of 1900-1924 and 1940-1970. On the contrary, during the oil booms, Mexican rulers often tried to use those resources to strengthen the state apparatus and expand the provision of public goods, but the strong political interests that were already in place before resource rents became available recurrently captured their efforts. In sum, if we are interested in explaining long-term political development, we still need to explain those pre-boom levels of state capacity and institutional design.
1.2.2.3 Institutionalist Theories of Predatory Rule and Capitalist Development

As hinted in the preceding paragraphs, a third general explanation of the development of state capacity has evolved from the ranks of institutional economists. Although they acknowledge that military pressures, along with economic pressures from the international system, may trigger evolutionary dynamics of institutional selection and adaptation, these scholars see the development of inclusive political institutions as the key causal factor driving growth in state capacity.

The main insight of institutionalist theories of predatory rule is that institutions that constrain executive power, particularly legislatures where property owners can politically protect their interests, have three beneficial effects for state-building. First, they give economic elites access to place demands (and not just requests) on government in exchange for financing its activities, thus expanding the supply of public goods, such as contract enforcement and a legal framework to secure property rights (North and Weingast 1989). Second, parliaments decrease the suspicion that societal actors have against the expansion of state capacity, facilitating the negotiation of politically sensitive aspects of state-building such as conscription and taxation (Levi 1989). Third, democratic institutions limit the predatory, populist and short-term impulses of rulers. They serve as a check on executive authority to ensure that rulers do not use state authority to generate rents and distribute them to their supporters at the expense of public goods (Acemoglu and Robinson 2013).

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A common application of these institutional arguments to the study of long-term development patterns has focused on “the great reversal” caused by colonialism.26 According to these accounts, where colonial powers established inclusive institutions that opened access to markets and political participation, they fostered societies that were more egalitarian and more likely to respect the rule of law, to protect property rights, and to invest in public goods and in economic innovations. On the contrary, where colonial powers established extractive institutions that limited access to markets and political participation, highly unequal societies developed, marked by ethno-racial fractionalization, less likely to contribute to the production of public goods, and with economies weakened by rent-seeking and crony capitalism.

Bruce Bueno de Mesquita and his collaborators (2004) have developed a detailed theory about how democratic institutions prevent the transformation of public resources into private gains. Where a ruler’s political survival depends on a small coalition of extremely loyal supporters, he will distribute private goods to those supporters and maintain authoritarian institutions. Conversely, in democracies, where the ruler needs to cajole the support of a larger winning coalition, he will be more likely to emphasize the supply of public goods. In doing so, democratic societies offer more benefits to their entire populations including higher levels of economic development, social equality, welfare services, and infrastructure, etc.

In sum, the common thread in these arguments is that formal democratic institutions shape rulers’ incentives in ways that solve the collective action obstacles to state-building. However, today, formal democratic institutions have been replicated around the globe, but they have not performed everywhere as expected. Low quality democracies are still prevalent in the

26 North 1990; Acemoglu, Johnson, and Robinson 2001; Engerman and Sokoloff 2005; Lange, Mahoney, and vom Hau 2006; Mahoney 2010.
developing world, characterized by high levels of corruption and rent-seeking, unproductive economies, inefficient governments, and scarce public goods. In order to address this issue, some scholars have argued that the proper functioning of formal democratic institutions rests upon underlying layers of complementary informal institutions (Ostrom 1990; Helmke and Levitsky 2006).

One way to conceptualize informal institutions has been as a synonym for political culture and social capital (Almond and Verba 1963; Putnam, Leonardi, and Nanetti 1993; Rothstein 2005). However, this still raises the question about what produces the emergence of certain normative commitments and cultural mores in some places but not others.

An alternative way of conceptualizing informal institutions is as patterned social relationships within and between organizations that create self-reinforcing institutional ecosystems.\(^{27}\) North, Wallis and Weingast (2012) argue that the central problem for all societies is how to prevent violence and maintain political order. Historically, two types of political systems (or “social orders”) have emerged to address this problem: limited-access and open-access orders. Limited-access orders maintain order by restricting access to economic and political organizations that control markets and decision-making, thus generating rents and privileges that can be distributed to supporters. On the other hand, open-access orders maintain political stability allowing everyone in the polity to create and join organizations in order to participate in the market economy and in political decision-making. Instead of generating and allocating rents, open-access orders are characterized by competition between economic organizations to win market-shares through innovation and between political organizations to

\(^{27}\) For the sake of clarity, it is worth pointing out here North’s distinction between institutions—the rules of the game—and organizations—the actors playing that game (North 1990).
attract supporters. This generates more productive, innovative and stable economies and larger, more decentralized and responsive governments that supply extensive public goods to vibrant civil societies.

In other words, the “omitted factor”—the key informal institutions missing—in previous institutionalist theories of political and economic development is the pattern of social relationships that makes organizational resources available to everyone in society. Open access to economic and political organizations creates the conditions for institutional complementarities to evolve in ways that incentivize economic innovation, political checks and balances, and the expansion of public goods. On the contrary, limited access to organizational resources may help maintain order, but once in place will also foster the emergence of unproductive, slow-growing and volatile economies, with smaller, more centralized and less responsive governments, and weaker civil societies. The self-reinforcing logic of these alternative strategies of political order means that shifts to a different strategy are extremely unlikely.

The functions of any particular institution need to be assessed in the larger institutional and organizational context in which it is situated, since institutional complementarities that evolve over time determine the ways in which any particular institution will shape human behaviour. \(^{28}\) This is why formal democratic institutions that superficially seem identical, such as parliaments, may function very differently in different political systems. The development of state capacity and the supply of public goods depend on the presence of formal democratic

\[^{28}\text{The best known example of this line of reasoning comes from the new institutionalist approaches to the comparative political economy of advanced democracies. Peter Hall and David Soskice’s (2001) framework of Varieties of Capitalism has demonstrated how alternative institutional strategies to coordinate the availability of credit and labour can be equally effective in generating economic development, but they will have significant effects on the amount of public goods that the state provides, the levels of economic inequality, and even the industrial sectors that are likely to flourish.}\]
institutions and a particular kind of informal institutions: impersonal social relationships that provide access to organizational resources to everyone in the polity.

North, Wallis and Weingast offer fertile insights about why different political systems evolve and survive despite producing sub-optimal outcomes, but they are less convincing in their arguments about the transition from one system to another. They explain the transition from limited-access to open-access orders by referring to changes in the interaction between rulers and elites. In particular, they underline “three doorstep” conditions that need to occur in the interactions of elites with one another for the transition to an open-access order to begin: 1) rule of law for elites; 2) perpetually lived forms of public and private elite organizations, including the state itself, and 3) consolidated political control of the military (2012:26, 148-189). Once economic elites secure these conditions and develop impersonal relations with one another, a trickle-down effect takes place, as a larger portion of the population is included into the political system (i.e., the expansion of universal suffrage) (2012:190-250). The logic of their argument is that once elites build an environment of institutionalized competition, it is in their best interest to gradually expand access to organizational life to the rest of the population.

1.2.2.4  **Context-Specific Arguments about State-Society Relations**

Contrary to the top-down explanations of institutional economists, a very rich literature from macro-historical sociology has focused instead on bottom-up changes in the interactions between rulers and the popular classes, the peasantry in particular, to explain alternative routes
towards modern statehood.\textsuperscript{29} Institutionalist approaches have engaged with this literature mostly in the context of the debate about the origins of democracy, emphasizing the distributional conflicts that resulted from economic modernization, industrialization, and the emergence of new social classes, but missing the sociological point about the transformation of social relationships and how they enabled or constrained new forms of political mobilization.\textsuperscript{30}

Barrington Moore famously argued that the “premodern rural inheritance” had far-reaching effects on long-term processes of political development (1966).\textsuperscript{31} In particular, he argued that differences in the relationship between lords and peasants determined how modern state institutions were built. Liberal democratic institutions developed where the commercialization of agriculture broke with coercive labour and created the conditions for a bourgeoisie detached from parochial social relationships. Conversely, where labour repressive agriculture continued, modern state institutions were built either through an authoritarian coalition between state actors and the landed upper classes, or by a revolutionary peasantry that ultimately pursued a Communist route.

Along these lines, in Dietrich Rueschemeyer, Evelyn Huber Stephens and John D. Stephens’s “relative class power” model of democratization, capitalist development is associated with democracy because it transforms social relationships, strengthening the working classes at the expense of the landed upper classes (1992:7). As in Moore’s and Skocpol’s work, the take-away point for our purposes is their emphasis on how changes in inter-class social relationships shape the long-term evolution of political institutions.

\textsuperscript{30} Boix and Stokes 2003; Acemoglu and Robinson 2005; Ansell and Samuels 2014.
\textsuperscript{31} Also see Skocpol 1973.
Building on the classics of macro-historical sociology, recent work on the development of state capacity has abandoned the macro-theoretical ambitions of its predecessors, but has kept the emphasis on interclass social relationships as a key explanatory factor of institutional choice and political development. They have challenged the idea that causal factors like war, natural resource endowments, or democratic institutions always have the same effects across cases. Instead, these arguments have looked at how certain historical processes—e.g., the world-historical demise of labour repressive agriculture, the empowerment of new political actors due to unexpected economic opportunities, or changes in land tenure regimes—modified social relationships and how these transformations shaped the long-term development of state capacity. Briefly put, they claim that differences in social relationships determine why rulers chose (or not) to invest in state-building in a particular case and why societal actors chose (or not) to acquiesce and cooperate with state-building efforts.

Adopting a historical institutionalist perspective, Catherine Boone’s influential research on African state-formation built on the macro-sociological tradition to explain variation in the formal institutions that govern core-periphery relations in West African countries (Boone 2003; 2014). According to her political economy of institutional genesis, institutional choices are “the product of political bargaining and conflict amongst social groups with differing bargaining power (resources and capacity for coordinated political action) and interests” (Boone 2003:20). In order to explain the genesis of specific institutions, Boone claimed, we must look at how deeply embedded forms of social organization, such as settlement patterns, land tenure and inheritance regimes, modes of production, and class and communal structures, shape power

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relations between the parties involved in the negotiations. Boone is particularly interested in explaining the institutional configurations that link local and national governments. In agrarian communities, the relative bargaining power of local elites depends on their control over people, resources and markets, and their economic autonomy or dependence vis-à-vis the state (Boone 2003:24). Their relative bargaining power in turn shapes the extent to which the central state will concentrate the institutional structure of government and centralize or devolve authority at the local level (Boone 2003:33). Briefly put, trajectories of state formation are shaped by the nature of social relationships at the local level, and how they define the preferences and relative bargaining power of societal actors to collaborate with or resist state-building efforts from the national government.

In a similar vein, Marcus Kurtz (2013) has advanced an argument about the social origins of institutional capacity in South America that explicitly challenges Bellicist and NRC explanations. In his account, differences in agrarian and class structures at two critical junctures shaped trajectories of political development in the continent. First, during the construction of national political institutions after independence, local elites’ reliance on coercion to extract labour and their willingness to cooperate with one another determined the degree to which they would accept the centralization of coercion and administration. Second, the timing of the electoral incorporation of the working and middle-classes affected their political orientation. Where political incorporation occurred before the global crisis of 1929, the political orientation of the middle-sectors aligned with the upper classes, since under the prevalent liberal economic model industrialists and landowners were their main source of employment and wealth. The middle-classes would thus ally with the upper classes to resist the expansion of the public sector. On the contrary, where the incorporation occurred in the aftermath of 1929, the main source of
employment for the middle classes became, under the new Keynesian model, the public sector. As a result, a political alliance between the middle- and working-classes would emerge, seeking the expansion of state institutions.

Implicit in all of these arguments is the claim that the state-building effects of warfare, economic shocks, institutional reform, and formal political institutions, depend on how they affect the preferences and relative bargaining power of societal actors, whether they are economic elites, rural chieftains or popular organizations. All of these studies challenge the presumption of unbridled state autonomy and focus instead on different patterns of state-society relations as key variables of the process of state formation. Finally, all of these arguments build on the tradition of Moore, Skocpol and Rueschemeyer, Stephens and Stephens, arguing that how the popular classes are integrated into the political arena determines the institutional evolution of the state.

The theory that I put forward in this dissertation is an effort to synthesize the insights of the literature into a general explanation of (1) the historical processes that drove the transformation of social relationships in some cases but not others; (2) how these transformations led to different patterns of state-society relations and institutional ecosystems; and (3) how these systemic differences mediate the effects of exogenous forces on the supply of public goods. As I explain in the next section and in more detail in Chapter 3, I argue that North, Wallis and Weingast’s framework of social orders can help us explain why the same exogenous factors have opposite effects in different settings. However, in order to understand how those different social orders emerge, we need to focus on the transformation of social relationships among the popular classes and not merely on the interactions amongst members of the elite.
1.3 Argument: The Organizational Structure of Civil Society, Political Order, and State-Supplied Public Goods

In the previous section, I argued that two features of the literature on state capacity hinder today the accumulation of knowledge: the ambiguities in the concept and measurement instruments and the need for a theoretical framework that synthesizes the explanatory insights of the last two decades. This dissertation seeks to address both of these issues.

In the first place, this dissertation offers a reconceptualization of state capacity that facilitates its operationalization for empirical research on political development. I propose to think about state capacity in terms of the ability of state actors to coordinate collective action at a large scale. The production and preservation of non-excludable goods—public and common goods—is one of the central tasks that we expect states to perform, which requires from them the ability to solve serious coordination challenges. This view of the state as a supplier of public goods is consistent with Hobbesian arguments that see the state as a third-party solution to establish peace in an anarchical state of nature (a public good), as well as with Weberian theories that emphasize the monopoly of legitimate violence by the state in order to secure political order (another public good).

Given this definition, what explains variation in levels of state capacity around the world? In a nutshell, I propose to think about public goods provision as a multi-level collective action problem, where the solution to coordination challenges at the individual (micro) level open or

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33 I use standard definitions of private and public goods. By private goods, I mean goods that are rivalrous and excludable, while public goods are goods that are non-rivalrous and non-excludable. However, since the main collective action dilemmas that states solve are related to the feature of non-excludability, in this dissertation I use the term public goods (non-rivalrous and non-excludable) to refer also to common goods (rivalrous and non-excludable).
foreclose the possibility to coordinate collective action at the societal (macro) level. Therefore, the main theoretical argument of this dissertation is that the organizational strategies that individuals adopt, at the micro level, to mobilize politically determine the logic upon which political order can be built. This in turn affects, at the macro-level, the society-wide capabilities to coordinate large-scale collective action and to produce and preserve public goods.

In other words, differences in levels of state capacity are explained by differences in access by the population—especially the popular classes—to organizational resources. Where everyone in the polity can join existing political organizations (associations, unions, parties) or has the conditions to create new ones, social relationships become impersonal and an institutional ecosystem evolves around the exchange of state-supplied public goods for political support. Conversely, where organizational resources are restricted to elites that act as intermediaries between the state and the rest of the population, social relationships remain personalistic, and the institutional ecosystem develops around the allocation of private goods in exchange for political support. As a result, the alternative political systems that evolve from these divergent patterns of social relationships and organizational structures react differently to exogenous shocks like international wars or commodity booms.

Building on the theories of political order developed by institutional economists34, I argue that state actors may adopt one of two mutually exclusive strategies to maintain political order, producing in the long run different kinds of political systems that react differently to exogenous shocks. In the first scenario, that I call “political order as a spoils system”, rulers

supply private goods (e.g., rents, pork-barrel, patronage) to a minimum number of supporters capable of disciplining the rest of the population. In the second kind of political system, “political order as a social contract”, rulers supply public goods (e.g., security, rights, public services, productive infrastructure) to a large portion of the population in exchange for acquiescence to their authority. Briefly put, maintaining political order depends on the ability of state actors to supply the right type and amount of goods demanded by the populations they govern.

Exogenous shocks transform the relative bargaining power of state and societal actors by increasing or decreasing the value of the resources they control. These changes affect the amount of goods that rulers need to distribute to remain in power and maintain order, but not the type of goods (private or public) that characterize a political system.

On the one hand, states built as social contracts expand the supply of public goods when the pressures of war empower societal actors—those who have the manpower to fight in the battlefront or the financial resources to fund the war efforts—, since they demand more from the state in exchange for their cooperation. Similarly, these political systems also expand or at least maintain the supply of public goods when benefitted by a commodity boom, since societal actors sanction the capture of rents by the ruling coalition.

On the other hand, in states built as spoils systems, exogenous shocks rarely expand public goods since rulers prioritize the distribution of private goods to their network of supporters. War divests resources needed to run the spoils system, which puts rulers in a precarious position, triggering the periods of instability and crisis that Centeno identified in 19th century Latin America (2003). On the contrary, commodity booms provide rulers with additional rents to distribute to their supporters in order to secure their position. Since public goods are not
part of the negotiations between state and societal actors, rulers have very little incentives to
divest resources that could otherwise be used for patronage. Moreover, the non-excludable nature
of public goods would undermine the logic of selective incentives that keeps the spoils system
running. This explains why we observe contradictory effects of exogenous forces on the capacity
of different kinds of states to supply public goods.

What explains then the emergence of different strategies of political order and, consequently, of different political systems? Most societies in human history have been built as spoils systems, where rulers maintain political order by distributing private goods to a network of supporters that can mobilize and discipline parts of the population. These intermediaries (e.g., local and communal elites, rural chiefs, warlords) play a key role within the spoils system. They obtain rents from the state by threatening to mobilize their supporters against the rulers, and they can mobilize their followers by virtue of being their only access to state resources. The groups of interest representation that these intermediaries control develop certain organizational features that serve to reinforce the logic of the spoils system: (1) the ties between leaders and followers are built on personal relationships of trust and loyalty; (2) these organizations remain closed to new members; and (3) patron-client structures govern the internal hierarchy of the organization.

In many parts of the world, local elites and other actors that played this role as intermediaries between the popular classes and the state maintained their position as republican and democratic forms of government were put in place. Even after “modern” organizational forms emerged —political parties, unions and other associations of interest representation—, they perpetuated the personalistic patterns of the past, and became instruments whereby well-organized groups obtained private goods from the state. Under this logic, democratic competition became a struggle by different contenders to offer targeted benefits to enough supporters in order
It was only during the late 19th century that, in some countries of Western Europe and North America, the state mutated from being mainly a distributor of private goods to becoming a supplier of public goods. This transformation was a consequence of the way in which the popular classes were incorporated into the political arena in the aftermath of the Second Industrial Revolution. After the 1860s, popular political organizations and associations of interest representation abandoned personalistic social relationships to adopt impersonal patterns of organization. This transformation of civil society organizations involved three key changes: (1) they organized around impersonal relations rather than personal ties of trust and loyalty; (2) they became open to potentially any individual to join; and (3) they developed internal mechanisms of leadership selection and accountability.

These changes at the actor level modified state-society relations in two ways. First, impersonal relations and openness to new members meant that organizational leaders could no longer secure any privileged access to state-supplied private goods. Instead of playing a role as intermediaries in the spoils system, organizational leaders became representatives of wider demands for public goods. Second, societal organizations stopped being clients of the state to become monitoring entities that prevented the privatization of public goods by political elites. As impersonal organizations could no longer compete for state-supplied private goods, they also became hostile to the allocation of rents to other organizations, since this would erode their influence on policy-making and reduce the available resources for the production of public goods. Of course, these rational calculations would over time adopt the language of a new political culture that upheld the distinction between private and public matters, the rule of law, and ultimately liberal democracy, but they started as strategic responses to the transformation of
social relationships and the emergence of new organizational forms.

The nature of the state was thus transformed, as it became increasingly differentiated from the private interests of powerful business groups, clientelistic networks, and religious and communal organizations. In other words, these organizational transformations not only created the incentives for state and societal actors to negotiate the supply of public rather than private goods, they also generated the necessary institutional conditions to solve the collective action problems that plague the production and preservation of public goods.

Finally, what explains those transformations in social relationships and organizational structures? If all societies begin with a similar strategy of political order as a spoils system and an organizational landscape dominated by personalistic social relations, why do impersonal organizations emerge and eventually transform the entire political system in some cases but not in others?

Spoils systems depend on the distribution of private goods to a limited number of supporters. In theory, since rulers want to preserve for themselves as much rents as possible, they only distribute private goods to the smallest number of supporters that is enough to maintain order and help them remain in power. Consequently, large sectors of the population lack access to the spoils system. Contrary to North, Wallis and Weingast’s argument that emphasize changes in intra-elite interactions, I claim that it is from within those excluded groups that new organizations can emerge, especially at critical junctures when the terms of political order are being renegotiated.

Depending on the organizational resources that are available for marginalized groups, they will seek access to state actors through personalistic or impersonal organizations. If everyday social interactions are dominated by local elites that see an opportunity to take part in
the spoils system, they will create personalistic organizations and perpetuate the distribution of private goods. However, if parts of the excluded masses have the communicative networks to interact with one another beyond parochial relationships of trust and loyalty, they will have a chance to create new organizations, independent from the control and surveillance of local elites. If they succeed, the impersonality of those relationships between strangers will push them to create organizations built on mutual distrust. Where there are little guarantees for the members that their leaders will share with them the rents that they might obtain from the state, their strategy will be instead to demand public goods, so that they can have the certainty that they will be able to enjoy the benefits of their political mobilization. As these new impersonal organizations demand public goods from the state and threaten to withdraw their support if other groups receive rents, they will start the long transformation of the organizational landscape and the entire political system.

Differences in the organizational resources of the popular classes can be traced back to the commercialization of agriculture and the breakdown of local and communal solidarities caused by capitalism. Historical sociologists have rightfully assigned the process of commercialization of agriculture a major role in the transformation of traditional into modern societies. Since Marx and Weber, the changes brought about by the commercialization of agriculture have been understood either in terms of the emergence of new classes that pushed for new distributive conflicts (class-conflict), or in terms of the secularization and rationalization of authority. However, as E. P. Thompson, Moore, Skocpol, Kurtz, Boone, and myriad others have pointed out, changes in agricultural modes of production and land tenure patterns had a distinctly political effect, by opening the possibility for new organizational forms to emerge. Enclosures and the end of coercive agricultural labour pushed peasants away from their land, eroded
parochial ties of trust and allegiance, while also expanding trade networks within the national territory. Small landholders and agricultural workers began to experience social interactions beyond their immediate communities. In the process, these groups developed a new communicative infrastructure that was not controlled by traditional elites, and, by the mid-19th century, buttressed the first popular organizations with a national scope and a programmatic agenda. Conversely, where labour repressive agriculture and traditional land tenure patterns survived into the period of popular incorporation, personalistic relationships of family, kin and clan, continued to be the only organizational resource that the popular classes could use to enter the political arena.

Table 1.1 Causal logic of the Organizational Theory of Political Development

<table>
<thead>
<tr>
<th>Explaining alternative strategies of political order</th>
<th>Type of Political System</th>
<th>Expected effects of exogenous shocks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Organizational Resources</td>
<td>Incorporation of popular classes</td>
<td>Strategy of political order</td>
</tr>
<tr>
<td>Local elites maintain control over organizational resources</td>
<td>Popular classes are politically mobilized through personalistic organizations</td>
<td>Societal actors demand private goods from the state</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Openings in organizational resources</td>
<td>Popular classes form nationwide, impersonal organizations of interest representation</td>
<td>Societal actors demand public goods from the state</td>
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</tr>
</tbody>
</table>
Finally, is it possible for similar openings to occur today after the process of popular incorporation has solidified spoils systems in many parts of the world? Certainly, but it will require expanding the communicative resources that make it possible to create impersonal organizations to those sectors of the population that do not have access to the state through personalistic connections. Unfortunately, even if this is the case, based on the experience of those societies that transitioned in the past from one political logic to the other, the shift tends to spark conflict and the risks of making political order collapse might be too high. In the Conclusions, I explore in more depth the implications of this argument.

1.4 Explaining the trajectories of state capacity in France (1789-1970) and Mexico (1810-1970)

Why did France develop a strong state at a time of weak central governments and political fragmentation, while in Mexico strong central governments and political centralization produced a weak state? By focusing on the transformation of social relationships, organizational structures, and state-society relations over time, the Organizational Theory of Political Development helps us explain this puzzle. Moreover, the comparative historical analysis of these two cases allows us to assess two competing explanations of the transition from one type of political system to another: on the one hand, North, Wallis and Weingast’s institutionalist argument about the transformation of intra-elite social relationships, and, on the other, the socio-historical argument about the emergence of new organizational forms among the popular classes as a result of the commercialization of agriculture. Table 1.2 identifies critical junctures where the French and Mexican states were forced to change the amount and (in the case of France) type of public goods to re-establish political order in the country. These critical junctures help us
locate the point in time when the transition from a spoils system to a social contract occurred in France but not in Mexico.

The story begins with the economic structure of these countries in the 18th century. Whereas France had slowly moved away from labour repressive agriculture, Mexican agriculture continued to be dominated by various forms of non-wage labour. This meant that by the time of the French Revolution, the popular classes could mobilize independently from local clienteles and parochial relationships. Conversely, in Mexico, atomized and geographically isolated militias, usually composed of rural chiefs and warlords, were the protagonists of the War of Independence. As modern state institutions were established in the 1820s and subsequent decades, they perpetuated the social structure at the local level, empowering those rural chieftains as intermediaries between the popular classes and state actors.

**Table 1.2 Trajectories of state capacity in France and Mexico**

<table>
<thead>
<tr>
<th>Type of state-supplied goods used to maintain political order</th>
<th>Amount of state-supplied goods necessary to maintain political order</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRIVATE</td>
<td>LOW</td>
</tr>
<tr>
<td>Mexico (1824-1910)</td>
<td></td>
</tr>
<tr>
<td>France (Ancien Régime)</td>
<td></td>
</tr>
<tr>
<td>PUBLIC</td>
<td>1789-1871</td>
</tr>
<tr>
<td>France (1870-1914)</td>
<td></td>
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<td></td>
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</tbody>
</table>
In both cases, the 19th century was a period of instability. However, this instability was caused by different factors. In France, the emergence of national popular organizations transformed the logic of the system and created a constant conflict with those groups that continued to search for privileged access to state resources. The struggles of 1815, 1830, 1848 and even 1871 can be seen as a series of events where political order was extremely fragile, since it could not yet be built through neither a spoils system or a social contract. On the one hand, popular organizations, led by the more radical Republican groups and eventually the labour movement, opposed the idea of a spoils system from which they would not directly benefit due to their large numbers. On the other, old elites, economic interests, and clientelistic groups continued to oppose a social contract because they still yearned for the privileges that they enjoyed in the past. It was only under the Third Republic, once those remnants of the Ancien Régime reorganized as impersonal associations and political parties, that the consolidation of the new organizational landscape created the conditions for political order to be secured around the supply of public goods.

Initially, between 1871 and 1914, state-supplied public goods remained quite limited. However, WWI increased the relative bargaining power of societal actors, including the labour movement as well as business associations. These groups placed opposite demands on a series of governments that had been crippled, financially and politically, by the war. However, it was precisely out of this impasse that a de-centralized system of co-production of public goods was built on a logic of mutual distrust and, at the beginning, distrust towards the state. Regressive sales taxes rapidly increased the fiscal capacity of the French state providing an extensive pool of resources. In exchange, in an attempt to appease the labour movement, business associations and Catholic groups began to offer welfare services to alleviate their demands. When the French
national government finally gained the strength to centralize those services after WWII, it could only do so by perpetuating the institutional infrastructure that gave societal actors the ability to monitor state activities and, crucially, to keep one another in check, thus solving the collective action problem that plagues public goods and preventing their capture by private interests.

Conversely, in Mexico, the instability of the 19th century was not caused by the transformation of the organizational landscape, which remained untouched until the Mexican revolution of 1910-17. Instead, it was the depletion of economic resources largely caused by factional wars and foreign invasions that reduced the available rents for rulers to finance a spoils system. Briefly put, wars weakened the state. The repeated political crises were nothing else but the collapse of order as societal actors demanded access to a very scarce supply of rents. The commodity boom triggered by the Second Industrial Revolution and the demand of raw materials in international markets replenished for the first time the public coffers in the 1870s, giving Porfirio Díaz’s regime the ability to build a very stable spoils system that secured order for over three decades. However, this period of economic growth strengthened actors that had remained at the margins of the spoils system (especially the rural middle-classes), who in 1910 took up arms and made political order collapse once again.

The Mexican Revolution, however, replicated the mobilizational patterns of the War of Independence. The revolutionary armies continued to be little more than an assemblage of local militias, agrarian leagues, small-town labour unions, and rural clienteles that operated through personal networks of allegiance. With the end of the Revolution, the main challenge to achieve order was to bring that multiplicity of societal actors into a new spoils system. This was achieved through the creation of the Partido Nacional Revolucionario (PNR) in 1929. The transformation of the party, away from a coalition of local interests into becoming a massive corporatist
organization—first as the Partido de la Revolución Mexicana (PRM) and then as the Partido Revolucionario Institucional (PRI)—, was an ambitious attempt to break with the parochial social relationships of Mexican society and build for the first time national popular organizations. However, the very construction of the party-state depended on limiting the creation of competing popular organizations and strictly regulating the operation of those groups sanctioned by the party. This meant that, internally, the party replaced geographically-based clienteles with sectoral-clienteles that gained access to state resources through personalistic relationships. Political order was rebuilt as a massive spoils system.

The nationalization of the oil industry in 1938 during the post-war years brought in additional resources that strengthened the party-state. Initially, these resources were intended to finance extensive public goods—from education, to social security, to infrastructural development, to credit for the industrialization of the country. However, public goods went against the logic of the political system, so private actors quickly captured them. The Mexican state, overgrown but institutionally weak, was bound by the logic of the spoils system that it had created to survive.

1.5 Research Design and Plan of the Dissertation

The data gathering for this research project involved, first, the creation of an original dataset of the evolution of public goods with yearly observations from 1876 to 1970 for France and 1920 to 1970 for Mexico. This dataset includes indicators of primary public education, stillbirths, length of railroad lines and roads, length of telephone and telegraph lines, telephone subscriptions, postal offices and correspondence, direct taxes, indirect taxes, and total revenue.
Second, I spent 18 months between Paris and Mexico City gathering primary and secondary sources for the process-tracing analysis of the two cases.

The strategy of data-analysis can be broken down into three steps:

1) *Time-Series Analysis*: Using official statistical yearbooks, I created several time-series with indicators of a dozen state-supplied public goods from the 19th century to 1970. Those time-series allowed me to identify critical junctures about the timing in which these states expanded the supply of public goods, the sequence that this growth followed across policy areas (e.g., infrastructure, education, taxation, or health), and the volatility of growth and decline. These indicators clarify whether lack of long-term growth is the result of public goods not being produced by the state, or of public goods being produced but captured and depleted in the aftermath. All of this information about the timing and sequencing in the evolution of state capacity sets up the terrain for the qualitative analysis of the causal factors driving those changes.

2) *Process Tracing at the Macro-Level*: Through a study of the social and political historiographies of France and Mexico, I produced general timelines to evaluate whether the causal sequences in the development of state-supplied public goods were consistent with the theoretical claims of the explanations offered by the literature, as well as the expectations of my argument about the effects of the organizational structure of civil society on political order and public goods provision.

3) *Process Tracing at the Micro-Level*: Having tested the theoretical expectations of each explanation at the macro-level, I moved the process-tracing analysis to the
micro-level, looking for evidence of the micro-foundational expectations of my argument. Are societal actors demanding private or public goods according to the expectations of the theory? Do followers and leaders change their preferences and behaviour as organizations move from personalistic to impersonal structures? Do state actors change their strategies to negotiate support as societal organizations change?

In what follows, Chapter 2 presents the conceptual and measurement strategy of state capacity in terms of public goods provision. The index of state-supplied public goods allows us to identify the key moments of divergence in the political development of France and Mexico. In doing so, it highlights the importance of the incorporation of the popular classes into the political system during the interwar years as a critical juncture that put these two countries in very different developmental paths. Finally, the chapter offers evidence that these divergences cannot be entirely explained by referring to exogenous shocks such as WWI in France and the nationalization of oil in Mexico.

Chapter 3 elaborates in detail the Organizational Theory of Political Development as it seeks to synthesize the insights of new institutionalists and historical sociologists. The argument is based on a view of political development as a multi-level collective action problem, where the ways in which individuals organize at the micro-level to collectively make demands on state authorities open or foreclose the strategies in which political order can be maintained. In turn, how political order is preserved shapes the society-wide capabilities to coordinate collective action at a large scale. This multi-level collective action framework allows us to explain why
different patterns of state-society relations emerge, and how those patterns affect the performance of democratic institutions and mediate the effects of exogenous shocks on state-building efforts.

Chapters 4 to 6 present the results of the comparative historical analysis of France and Mexico. In Chapter 4, I offer a detailed description of the main independent variable of the model: the transformation of social relationships at the micro-level. I develop a structured comparison of the breakdown of traditional rural society in France during the end of the Ancien Régime and its survival in Mexico towards the end of the colonial period. These differences shaped the patterns of popular mobilization during the French Revolution and the Mexican War of Independence, opening or foreclosing opportunities for new national popular organizations to emerge.

Chapter 5 offers a process tracing analysis of the first part of the causal argument, that is, the claim that the organizational strategies that individuals adopt to collectively interact with the state define the ways in which political order can be established in a society. Therefore, in this chapter I trace the evolution of the organizational landscapes of France and Mexico throughout the 19th century, and offer qualitative evidence to argue that changes in the organizational structure of civil society explain the chronic political instability that these countries experienced before the 1870s, as well as the different political systems that emerged after that date.

Chapter 6 looks at the second part of the causal argument, that is, the claim that the strategy that a state adopts to maintain political order determines its capabilities to coordinate large-scale collective action. As mentioned before, the period of popular incorporation required states to solve bigger coordination challenges and to provide a more complex portfolio of public
goods. This was reflected in the emergence of “social states” that were pushed to increase tax revenues in order to provide extensive welfare services. In this chapter, I show how the long-term evolution of taxation and social policy in France and Mexico is explained by differences in the political incorporation of the popular classes. Differences in the type of organizations that mobilized the popular classes by the turn of the 20th century defined state-society relations in the aftermath and determined the ability of state actors to coordinate collective action and thus to produce and protect public goods.

Finally, in the conclusion, I recapitulate the argument of the dissertation, summarize its empirical and theoretical contributions, and explore some of the implications of this argument for contemporary issues of state-building.
Chapter 2: Critical Juncture: Popular Incorporation, the Social State and State Capacity

2.1 Introduction

During the 1920s and 1930s, French and Mexican political elites invested heavily in state-building efforts. By the end of WWII, both countries were widely seen as statist societies. They had implemented models of state-led development, nationalized industries, restructured the economy, and massively expanded the size of the public sector. At the same time, both states tried to increase fiscal revenue, provide welfare services, and lead the industrialization of the country through investments in education and infrastructure. Despite the growth in the size and scope of the state, by the 1970s differences in their performance on these fronts were abysmal. The Mexican state remained chronically incapable of implementing political decisions throughout its territory. It repeatedly failed to solve the coordination problems posed by taxation (barely surpassing 10% of GDP until the 1970s), infrastructural development, social policy, and the delivery of public services. Conversely, by the 1970s, the French state had emerged as a very capable actor in all of those realms, taxing over 40% of GDP, administering one of the most generous welfare states, and supplying a wide array of public goods.

This chapter argues that the interwar years represented a critical juncture in the political development of most states in Europe and the Americas. They witnessed the entrance of the popular classes—workers, peasants, the unemployed and the lower middle class—into the political arena, transforming the state and the nature of its activities. The oligarchical states, limited to the provision of security, national defense and protection of property rights, were now replaced by a “social state” that was expected to intervene in economic development, redistribute
wealth, and steer society. As I will argue at length in subsequent chapters, how the popular classes were incorporated into the political system during this critical juncture shaped the ways in which the social state was built, opening or foreclosing its ability to solve the coordination problems associated with the supply of public goods.

The cases of France and Mexico offer an ideal comparison to observe how the response to this critical juncture shaped the long-term development of state capacity. On the one hand, both countries experienced an extreme transformation from oligarchical into social states during this period. By the end of the 1940s, France and Mexico were seen in their respective regional contexts as societies dominated by very powerful states. Despite this image of gigantic Leviathans, they differed tremendously in their ability to provide public goods to their population.

I borrow the expression “social state” from Thomas Piketty, who uses it to refer to the changes that many rich countries experienced in the aftermath of WWI. The passage is worth quoting at length:

The first similarity [between Sweden, France, Britain and the United States] is that taxes consumed less than 10 percent of national income in all four countries during the nineteenth century and up to World War I. This reflects the fact that the state at that time had very little involvement in economic and social life. With 7-8 percent of income, it is possible for a government to fulfill its central “regalian” functions (police, courts, army, foreign affairs, general administration, etc.) but not much more. After paying to maintain order, enforce property rights, and sustain the military (which often accounts for more than half of total expenditures), not much remained in the government’s coffers. States in this period also paid for some roads and other infrastructure, as well as schools, universities, and hospitals, but most people had access only to fairly rudimentary educational and health services.

Between 1920 and 1980, the share of national income that the wealthy countries chose to devote to social spending increased considerably. In just half a century, the share of taxes in national income increased by a factor of at least 3 or 4 (and in the Nordic countries more than 5) […]

All told, if we add up state spending on health and education (10-15 percent of national income) and replacement and transfer payments (another 10-15 or perhaps as high as 20 percent of national income), we come up with total social spending (broadly speaking) of 25-35 percent of national income, which accounts for nearly all of the increase in government revenues in the wealthy countries in the twentieth century. In other words, the growth of the fiscal state over the last century basically reflects the constitution of a social state (Piketty 2014:475-476, 479).
In what follows, I evaluate those differences in state performance by mapping out the long-term evolution of a portfolio of state-supplied public goods after the critical juncture of the 1920s and 1930s. Even though periods of war coincided with the dramatic increase in state-supplied public goods in France, while increasing dependence on oil revenues coincided with the stagnation of public goods in Mexico, their divergent paths cannot be explained merely by looking at how those exogenous factors created incentives for state actors to invest in public goods provision, as Bellicist and NRC theories would suggest. On the contrary, a more fine-grained analysis indicates that the divergent trajectories of these two states were the result of differences in their ability to protect public goods from congestion, depletion, and capture by private interests, as they tried to expand the scope of state activities. The ability of these states to solve those collective action problems was the result of the strategies that they followed to incorporate the popular classes and build a “social state” during the 1920s and 1930s.

Sections 2.2, 2.3, and 2.4 of this chapter offer a methodological discussion of conceptual and measurement strategies in the study of state capacity. There has been a proliferation of definitions and indicators in the literature that have unnecessarily muddled the waters, often confusing state capacity with state preferences, state outputs, or morphological features of the state. I propose instead to define state capacity in terms of the ability of the state to solve the coordination challenges associated with the supply of public goods. We can then evaluate levels of state capacity by looking at the evolution of a portfolio of state-supplied public goods over time.

Public goods, being a state output, make it difficult to determine whether low levels are the result of the preferences or the capacity of state actors. In many cases, states may simply choose not to invest in the supply of certain public goods. We can overcome this challenge,
however, if we identify a point in time when states adopted similar preferences regarding the supply of certain public goods and then compare their ability to increase the provision of those goods. The emergence of the “social state” during the interwar years represents precisely such a critical juncture in the development of state capacity around the world, especially for the cases of France and Mexico. During this period, new political actors, more responsive to the demands of the popular classes, actively tried to increase public revenue through new tax reforms, to invest in communications and transportation infrastructure, and to expand public services such as healthcare and education. Having identified these common objectives for the French and Mexican states during the 1920s and 1930s, I present in section 2.5 the time-series that measure how those state-supplied public goods evolved in the subsequent decades. These trends show that, indeed, the interwar years marked the divergent trajectories of these two cases. After WWI, France experienced rapid growth in state-supplied public goods, while Mexico showed a very marginal and erratic trajectory that produced very little long-term growth.

Section 2.6 then moves on to evaluate whether this variation in state performance is consistent with the theoretical expectations of Bellicist and NRC arguments. Indeed, as those theories would predict, growth in France occurred in the context of two world wars, while the stagnation of Mexican state capacity coincided with a period of increasing dependence on oil revenues. However, as we will see below, correlation is not causation. The two world wars pushed for the expansion of state-supplied public goods in France, but this was not because they facilitated the centralization of power in the national government, the subordination of societal actors to the state, or the unification of society, as Bellicist theories argue. Instead, the interwar years were a period characterized by extremely weak executives, a polarized civil society, and very strong opposition to the government.
In Mexico, on the other hand, the sluggish growth of public goods during the 20th century was not the result of oil abundance, as NRC theories would suggest. The nationalization of the oil industry in 1938 took place at a time when known reserves were producing less than 20% of their peak levels in 1920. The Mexican state did become dependent on oil revenues in the aftermath, not because oil was abundant but because the state repeatedly failed to raise revenue through other means. Furthermore, oil dependence did not entail that state actors were unwilling to invest in public goods. On the contrary, during the 1930s and 1940s, Mexican governments continued to invest in the expansion of state-supplied public goods: from repeated tax reforms to large infrastructural projects, from public education to social policy. Rather than the lack of efforts to produce public goods, it seems that it was the inability of the state to protect them from being captured by private interests that determined their stunted growth in the long run.

In other words, the comparison between France and Mexico presented in this chapter poses the question about whether differences in the long-term supply of public goods between developed and developing countries may be less about the incentives and ability of state actors to produce them, as much as about their ability to preserve them from encroachment by powerful private interests. This insight serves as the departure point for the Organizational Theory of Political Development and the comparative historical analysis that I develop in the rest of this dissertation.

2.2 Measurement Challenges in the Study of State Capacity

Two conceptual problems have emerged in the literature on state capacity as the field has grown in recent years: concept-stretching and the proliferation of indicators and measurement strategies. The first of these problems, concept-stretching, refers to the tendency in the literature
to subsume assessments of state performance, institutional properties of the state, and assumptions about policy preferences under the label of state capacity. The second problem, the proliferation of indicators, is not a shortcoming in itself, but has become a hindrance to the accumulation of knowledge since it is not always clear how to compare and aggregate the descriptive claims of these indicators in order to obtain robust assessments of relative levels of state capacity across time and across cases.

2.2.1 Concept-Stretching

Most uses of the term “state capacity” roughly refer to the same background meaning: the ability of the state to govern its territory, impose order, extract revenue, and provide certain services, such as the protection of civil and property rights, public safety, and productive infrastructure. However, once the concept is systematized and applied to empirical research, state capacity begins to acquire many different meanings. Is state capacity a monolithic\textsuperscript{36} or a multidimensional concept?\textsuperscript{37} Is it the property of a particular actor (the national executive)\textsuperscript{38} or an emergent property of the interaction between different levels of government and civil society organizations?\textsuperscript{39} Does it refer to the ability of a ruler to make political decisions without societal constraints—what Michael Mann calls “despotic power”—or is it related to the ability of the ruler to actually carry out those decisions—or “state infrastructural power”?\textsuperscript{40} Finally, is capacity

\textsuperscript{36} Lieberman 2002; Thies 2004; Thies 2005; Thies 2006; Thies 2007; Besley and Persson 2009; Cárdenas 2010.
\textsuperscript{37} Hendrix 2010; Soifer 2012; Hanson and Sigman 2013.
\textsuperscript{38} Skocpol 1979; Saylor 2012; Saylor 2014.
\textsuperscript{39} Migdal 1988; Evans 1995; Ziblatt 2008; Keefer 2013; Cruz and Keefer 2013.
\textsuperscript{40} Mann 1984; Mann 2008.
coterminous with certain organizational and institutional features\textsuperscript{41} or should we adopt a consequentialist definition that evaluates state capacity according to state outputs?\textsuperscript{42}

These disagreements come from three sources of confusion in our conceptualizations of state capacity: (1) the polysemy of the concept of power and how it relates to the concept of capacity; (2) the complexity of the anatomy and functions of contemporary states; and (3) a functionalist habit of conflating form and function in the study of political organizations.

At the core of this conceptual muddle is the polysemy of the concept of power. Political theorists, analytical philosophers and sociologists have insisted on drawing a distinction between two different meanings of power: on the one hand, power as domination or having \textit{power over someone}, and, on the other, power as capabilities or having \textit{power to do something}.\textsuperscript{43} When we talk about state capacity, we are, of course, interested in the understanding of power as capabilities, but it is not uncommon to find empirical research that measures state capacity through indicators of power as domination. For example, some authors have proposed measures of state autonomy from non-state actors—which include international organizations, private firms, and organized societal interests—as an indicator of state capacity.\textsuperscript{44} This understanding of state autonomy, however, refers to power as domination, not as capacity. It suggests that the state has power over society to the point that it makes political decisions free from societal pressures, or, alternatively, that non-state actors have power over the state and influence its actions. In other words, state autonomy tells us something about power relations in the process of political

\textsuperscript{41} Evans and Rauch 1999; Bäck and Hadenius 2008; Rothstein, Samanni, and Teorell 2012; Teorell and Rothstein 2012.
\textsuperscript{42} Levi 1989; North and Weingast 1989; Fearon and Laitin 2003.
\textsuperscript{43} Dahl 1957; Barnett 2012; Mann 1984; Stoppino 2007; Pansardi 2012.
\textsuperscript{44} Skocpol 1979; Giraudy 2012.
decision-making but not about what the state can actually achieve. This is not conceptual nitpicking: if we conflate domination with capability, we will bias our causal inferences about the sources of state capacity. For instance, if we are interested in the effects of regime type on state capacity, conflating both types of power will make us overestimate the levels of state capacity of autocracies. Whether “state autonomy” affects state performance in different policy areas is a question about a causal relationship that can be empirically studied and not assumed as a synonym of state capacity. Recent work on good governance, for example, suggests that highly capable states depend on the input and assistance of non-state actors to implement their policies, as the term “embedded autonomy” suggests.45

Second, if state capacity is a property of a particular actor, who is that actor? The emergence of the “social state” in the 19th century meant that states became increasingly complex organizations that were expected to carry out several functions beyond fighting wars and imposing order in the territory. Public revenues expanded while military expenditures became a smaller proportion of public spending (Piketty 2014:477). Instead, state activities and resources were absorbed by the provision of other public goods and services, including regulatory enforcement and economic intervention. Therefore, in contemporary states characterized by multiple levels of government and layers of agencies with overlapping jurisdictions and multiple mandates, it is not realistic to view the state as a coherent, voluntaristic agent, nor is it always evident which governmental agencies’ performance should be taken into account in our measurements of state capacity. This complexity is an additional source of conceptual confusion. For instance, while some scholars conceptualize state capacity as a

descriptive property of the public administration, the bureaucracy or the executive branch, others see it as an emergent property of the coordination efforts of multiple agencies and levels of government.

Finally, an important source of conceptual confusion results from the tendency in the literature to conflate morphological and physiological properties of the state, that is, to conflate the institutional anatomy of the state with the functions that it is expected to perform. When we use morphological indicators (or their absence) as evidence of functions, we become blind to issues of equifinality and causal complexity. This has been, for example, a constant source of disagreement in debates about the performance of states with different institutional systems, such as the economic performance of liberal versus coordinated market economies among advanced industrialized democracies, or the strength and reach of the American state vis-à-vis its European counterparts.

2.2.2 Proliferation of Indicators

As the systematized concept of state capacity has been stretched in different directions, it has also engendered a flurry of indicators that claim to directly or indirectly measure state capacity, reflecting the conceptual confusion discussed in the previous section. For example, two recent reviews of the literature identified over 20 different quantitative indicators of state capacity, including measures of the size of the army (military personnel and spending) and military involvement in politics (ICRG index of military in politics), infrastructural development

46 Evans and Rauch 1999.
49 Skowronek 1982; Johnson 2007; Mettler 2011.
(road density) and administrative projects (frequency of censuses), quality of bureaucracy and contract enforcement (ICRG indexes on these topics), tax ratio and composition of public revenue, economic growth, commodity and fuel exports as a proportion of GDP, and measures of democracy (Polity Index), among others.50

These problems of conceptualization and measurement are widely recognized in the literature. As Agustina Giraudy argues, the distinction between very strong and very weak states is straightforward and, to a certain extent, unproblematic (clearly the Swedish state is stronger than the Honduran one) (2012). However, weak states are weak in different ways and strong states are strong in different ways, and this generates disagreement about their levels of state capacity relative to one another. We struggle to systematically classify these more fine-grained distinctions largely because our claims about relative levels of state capacity are highly sensitive to our choice of indicators.

The proliferation of indicators and measurement strategies is not a problem in itself, but it can hinder the accumulation of knowledge when these indicators are not comparable. For multiple indicators to produce comparable assessments of overall levels of state capacity, they must be integrated into a conceptual framework that specifies (1) how they capture constitutive elements of state capacity and (2) how these elements are independently necessary and jointly sufficient components of state capacity. So far, the literature on state capacity has pursued, explicitly or implicitly, three alternative strategies to address this issue: (1) focusing on state performance in a single policy area that is seen as a necessary and sufficient component of state capacity or as a good proxy; (2) looking at indicators from several policy areas without

50 Hendrix 2010; Hanson and Sigman 2013.
aggregating them into a single index of state capacity; or (3) building overall indexes based on the aggregation of several indicators. Each one of these strategies has advantages and drawbacks, as I explain below.

The first measurement strategy has been to focus on single indicators of specific policy areas. Authors adopting this strategy usually justify it by either arguing that their indicator is a necessary and sufficient component of state capacity, or that it represents a reliable proxy for state performance in general. For example, Cameron Thies has used tax ratios as a proxy for overall levels of state capacity in his research on the effects of military rivalries on political development.\textsuperscript{51} The advantage of this strategy is, of course, the availability of data for several cases and over long periods of time. This strategy also makes few assumptions about the conceptual structure of state capacity, relying only on the generally accepted view that higher levels of taxation are indicative of stronger states. However, there is a trade-off in the robustness of the assessments of specific cases. Although tax ratios (or other single-policy indicators) may represent a reliable indicator of relative levels of state capacity when the divergence is very big (between developed and developing countries, for instance), they cannot capture finer-grained differences across cases with relatively similar levels of state capacity for at least two important reasons. First, they do not distinguish between policy preferences and institutional capabilities. As the aforementioned comparison of French and American fiscal policies suggest, political elites often have different preferences about the level and structure of taxation. Second, even if we assume that tax ratios, for instance, fully capture fiscal capacity, they only allow us to make indirect and imprecise inferences about the coercive and administrative capabilities of the state.

In this regard, countries with relatively similar levels of taxation may vary significantly in other regards. For example, according to OECD statistics, in 2011 the tax ratio of the United States was 24.3%, which was below Greece (33.8%) and Turkey (27.7%), two countries that present much lower scores by any other measure of state capacity including security and public goods provision (OECD 2013).

The second strategy that is common in the literature is to use indicators from several policy areas to present a more complete map of state performance. This has been a frequent choice among qualitative researchers working in the tradition of comparative historical analysis, in order to present very detailed descriptions of the evolution of state capacity in a small number of cases.52 Fine-grained descriptions of the evolution of institutional capabilities across policy areas, however, pose several conceptual questions about how to translate them into a claim about state capacity as a whole: How should we aggregate scores across policy areas? Are all policy areas equally indicative of state capacity? How do we distinguish variation in policy preferences from institutional capabilities?

Finally, tackling explicitly these questions, some scholars have tried in recent years to build indexes of state capacity based on theoretical and empirical justifications for each one of its component parts.53 Along these lines, Hillel Soifer has offered a framework to measure separately the constitutive components of state capacity (coercive, fiscal, and administrative capabilities), and then construct a multiplicative index to generate an overall score (Soifer 2012). The data sources are a combination of surveys and official statistics to obtain measures for violent crime rates, lynching rates and private security per capita (coercive capabilities); census

52 Soifer 2006; Kurtz 2013; Saylor 2014.
53 Hendrix 2010; Soifer 2012; Hanson and Sigman 2013.
administration, national identity card registration and vaccination rates (administrative capabilities); and direct taxes as a proportion of indirect taxes, direct taxes per capita and share of the population working in the formal sector (fiscal capabilities) (Soifer 2012:596).

This index offers two analytical advantages over other alternatives, such as the ICRG Failed States Index, the Bertelsmann Transformation Index-State Weakness Index, the Global Peace Index, the Political Instability Index, and the State Fragility Index. First, it only adopts indicators that hold the same analytical relationship to the background concept (output / outcome measures), leaving out indicators of regime type (e.g., civilian control over the military), organizational features of state agencies (e.g., quality of bureaucracy), or assumed causes of state weakness (e.g., youth unemployment). This is a key improvement since it avoids the pitfalls of conflating morphological characteristics with performance. The second advantage is a very careful construction of the index in order to capture the relationship between the different manifestations of state capacity, which according to Soifer are independently necessary and jointly sufficient components of state capacity. Consequently, he multiplies their values rather than averaging or adding them in order to prevent high scores in one component to compensate for low scores in another (Soifer 2012:591). The index is therefore very clear about what it is measuring: the performance of the state along those three manifestations of state capacity.

Nevertheless, I depart from Soifer’s measurement strategy on two accounts, one practical and one conceptual. Practically speaking, Soifer’s reliance on survey data or very fine-grained observational data makes it impossible to use it for long-term historical research on the evolution of state capacity, thus precluding dynamic analyses of political development. Conceptually,

54 See David Altman and Juan Pablo Luna (2012) for a complete discussion of the conceptual and analytical problems behind these indexes.
Soifer’s index assumes that the indicators of state outputs independently capture the different manifestations of state capacity. However, most state activities involve a combination of all three types of capabilities, and there might be different ways to carry out a given task depending on the strengths of each state. Therefore, rather than looking for indicators about each one of these components of state capacity—coercive, fiscal and administrative—I propose to focus exclusively on indicators of state outputs. By doing so, our measurements of state capacity can remain open to situations of equifinality, where different states may be equally capable to perform certain tasks through very different strategies.

2.3 Conceptualizing State Capacity as Public Goods Provision

The conceptualization of state capacity that I adopt in this chapter infers levels of state capacity by measuring the ability of states to carry out one of the main tasks that they are expected to perform, that is, to supply non-excludable goods to the populations they govern. Non-excludable goods are those where all members of a community can have access to them without any restrictions, and thus include common (non-excludable but rivalrous) and public goods (non-excludable and non-rivalrous). For the sake of readability, in this dissertation I refer to all non-excludable goods as “public goods”, but note that I also include common goods under this label.

This feature of non-excludability creates two collective action problems that make the production and protection of these types of goods particularly challenging (Olson 1971; Ostrom 1990). First, since everybody can benefit from non-excludable goods, there is little incentive for anyone to incur in private costs to produce them or to contribute to their production. This generates a free-riding problem that hinders their production in the long run. Second, a sub-set of
non-excludable goods, common goods, entail an additional coordination problem, since their rivalrous nature entails strong incentives for actors to capture them for their exclusive benefit. This feature not only makes their production unlikely, but even if they are produced by nature or by a selfless actor, it threatens their survival and opens them to the risks of congestion or depletion. Therefore, when non-excludable goods are created and preserved, they are evidence that these collective action problems have been solved.

States are usually seen as the main actors in charge of solving these coordination problems to ensure the supply of certain public goods that are essential for modern civilization. Many of the tasks that states are expected to carry out today can thus be conceptualized in terms of the production of public goods. We can then define state capacity as the ability of state actors to overcome coordination challenges as they attempt to supply valuable public goods to their populations. This definition may seem controversial, but it actually echoes other well-established understandings of state capacity as “state infrastructural power”.

Definitions that emphasize the functions of the state as a supplier of public goods are the flip side of definitions that focus on the state’s “institutional capability to exercise control and implement policy choices within the territory it claims to govern”. When we talk about the ability of the state to exercise control and implement policy, we are normatively and analytically interested in the outputs of political control and public policy, which we expect states to provide to their citizenry in a non-excludable fashion: order, security, contract enforcement, legal rights, productive infrastructure, public services, and safety regulations, all of which are public goods.

55 Mann 1984; Mann 2008.
56 Soifer and vom Hau 2008:220; Slater 2010:3; Saylor 2014:15.
Of course, many states also distribute excludable goods, that is, private and club goods in the form of rents, monopolies, legal exemptions, and fiscal privileges. However, allocating these goods does not involve major coordination challenges. By definition, excludable goods provide private gains to their beneficiaries, so we would expect them to be willing to invest in their production and protection on their own. Therefore, they tell us little about state capacity as a matter of solving coordination challenges.

Over time states have engaged in the supply of more numerous and more complex public goods, not just limited to maintaining order or protecting the population from foreign threats, but also addressing market failures, creating welfare programs, or investing in science and technology. However, not all states choose to supply the same portfolio of public goods. This is a commonly recognized problem with output measures of state capacity—such as public goods provision—since it is difficult to distinguish between policy choices (preferences) and institutional capabilities just by looking at the outputs of state policy (Kurtz and Schrank 2012:619). Some states simply choose not to provide certain public goods, even if they have the capacity to do so.

This creates a common predicament in the study of state capacity. Distinguishing between the willingness to provide a specific public good and the capacity to do so is extremely difficult. State capacity cannot be directly observed. It can only be inferred when a state succeeds or fails to achieve its objectives: to maintain order, to extract taxes, to implement policy, to provide services. But to be able to know if the state succeeded or failed at these tasks, we first need to know if it was indeed trying to accomplish them.

Based on these considerations, I have framed the comparison of France and Mexico as an effort to evaluate the difference between their shared state-building objectives in the 1920s and
1930s and their final outcomes. In order to avoid building assumptions about certain morphological features into the measurements of state capacity, I have adopted only output measures (a portfolio of state-supplied public goods). However, in order to make sure that variation in those output measures was not simply driven by differences in the willingness of state actors to provide a public good, I have chosen a portfolio of public goods for which we know that both countries were actively interested in their production.

To summarize: I propose to make inferences about levels of state capacity by assessing the extent to which the state overcomes coordination challenges in the portfolio of public goods that it provides. There are good conceptual, methodological, and normative reasons to adopt this conceptualization. In the first place, most theories of the state define it explicitly or implicitly as a supplier of a fundamental public good: political order. This is the case in the Hobbesian arguments of rational-choice theorists that see the state as a third-party solution to the collective action dilemmas that need to be overcome for a peaceful society to emerge, as well as in the Weberian arguments of sociologists that emphasize political order as the result of the monopoly of violence. Even if we adopt a minimalist definition of the state where its only function is the production of order, we must acknowledge that this entails producing other public goods that are necessary for political order to endure: national defense, law enforcement, dispute resolution, etc. This means that a definition of state capacity based on the supply of public goods by the state is consistent with the background understanding that comes from most theories of the state.

Methodologically, only adopting output measures offers the advantage to remain open to the possibility that states face the production and preservation of public goods through different

strategies (i.e., equifinality). Output measures help us avoid making assumptions about the effectiveness of specific coordination tactics in the production of certain public goods—for example, about whether a state maintains order through coercion or extracts taxes through ideological persuasion or quasi-voluntary compliance. Similarly, output measures push outside of our indicators assumptions about institutional design, state-society relations, or the decision-making process. This allows us to remain agnostic about the appropriate morphology of the state (Baldwin 2005).

Normatively, we are interested in state capacity insofar we expect states to supply certain public goods that are considered necessary for other outcomes of interest: democracy, human rights, economic development, etc. This emphasis on state outputs in the form of public goods allows us to strictly adopt an understanding of power as capabilities, preventing the contamination of the concept of state capacity by confusing it with domination. Or, to put it in Michael Mann’s terms, it allows us to measure only “state infrastructural power”, without conflating it with “despotic power” (1984; 2008). Indeed, whether there is a causal relationship between power as domination and power as capabilities is a normatively important question for the study of political development. For example, do democracies show higher or lower levels of state capacity than autocracies? In order to be able to empirically study this relationship, it is important to avoid making state capacity coterminous with certain forms of domination, such as whether the state is insulated from civil society or whether the military is under civilian control. Those may be explanatory variables of state capacity, not its indicators.
2.4 Operationalizing State Capacity as Public Goods Provision

Based on this conceptualization of state capacity, in this section I explain the construction of an overall index of state-supplied public goods using historical data. The process involved three steps:

1. Choosing a basic portfolio of state-supplied public goods. Because it would be impossible to measure all the public goods that a state supplies, I have chosen a sample of public goods that both France and Mexico openly and actively tried to produce with the birth of the social state. Table 1 below presents the breakdown of ten indicators for five general public goods: transportation and communications infrastructure, health, education, and revenue. These are also indicators of state capacity that are commonly used in the academic literature on political development, as well as by international and non-governmental organizations doing work in international development.

To reiterate, since we are using output measures to capture state capacity, this decision brings us back to the problem of conflating policy choices and institutional capabilities. However, in order to avoid this problem I have intentionally chosen public goods that in both cases were at the centre of the state-building efforts undertaken by these countries since the 1920s. I support this claim in the discussion that follows by providing historical evidence that demonstrates that these were indeed priorities for these states. Additionally, all of the data comes from official statistical yearbooks, which suggests that if these governments were attentively monitoring their performance in these policy areas.59

59 It is important to note that the index suffers from the same drawbacks as any other measurement strategy that relies on official statistics, since weaker states will produce less reliable information. Nevertheless, by using several different indicators (especially those that leave a record that can be easily
In order to obtain robust measures of these public goods, I have included at least two indicators for each one of them, with the exception of public health, which due to data restrictions is measured only by stillbirths per 1000 births. Since states may choose to solve their infrastructural needs through different technologies, the index includes measures for the length of roads and railroad lines to evaluate transportation infrastructure, and indicators of letters sent through the postal service and telephone subscriptions to measure communications infrastructure. Regarding public education, I include indicators for the number of public primary schools and of the number of students enrolled. All of these measures are weighted by the size of the population and territory where relevant (see Table 2.1).

Table 2.1 Components of the index of state-supplied public goods

<table>
<thead>
<tr>
<th>Public Good</th>
<th>Indicator</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health</td>
<td>Stillbirths per 1000 births</td>
</tr>
<tr>
<td>Transport Infrastructure</td>
<td>Length of roads (km per sq. km.)</td>
</tr>
<tr>
<td></td>
<td>Length of railroads (km per sq. km.)</td>
</tr>
<tr>
<td>Communications Infrastructure</td>
<td>Number of telephone subscriptions per 100,000 people</td>
</tr>
<tr>
<td></td>
<td>Number of letters sent per capita</td>
</tr>
<tr>
<td>Education</td>
<td>Primary schools per 1000 school-age people</td>
</tr>
<tr>
<td></td>
<td>Students enrolled in primary schools per 1000 school-age people</td>
</tr>
<tr>
<td>Public Revenue</td>
<td>Total taxes as a % of GDP</td>
</tr>
<tr>
<td></td>
<td>Indirect Taxes as a % of Total Revenue</td>
</tr>
<tr>
<td></td>
<td>Income and Wealth Taxes as a % of Total Revenue</td>
</tr>
</tbody>
</table>

Finally, the index considers three different indicators of taxation: total taxes as a percentage of GDP (tax ratio), indirect taxes as a percentage of total revenue, and direct taxes as a percentage of total revenue. Each one of these indicators captures the ability of the state to verified such as taxes, letters, phone subscriptions, and the length of roads and railroads), we reduce the likelihood that errors in the data will systematically bias results in one direction.
solve different coordination challenges. The tax ratio measures the state’s ability to transform a portion of private incomes into a common pool of resources. It offers valuable information about the ability of the state to limit free-riding in the production of public goods. By looking separately at the proportion of public revenue obtained through indirect and direct taxes we also obtain additional information about the ability of the state to solve coordination problems. Together, these two indicators tell us the extent to which the state needs to solve coordination problems to generate common pools of resources or if it has access to an alternative source of revenue. Higher tax ratios and higher proportions of direct and indirect taxes suggest a higher capacity to solve collective action problems.

2. **Standardizing the values into 1-100 scales:** The next step is to standardize the values for each indicator into 1-100 scales, in order to be able to compare and aggregate those scores. We use zero as the lower limit of the scales; then we use the highest value for all country-year observations of each indicator to find the full range of variation of that indicator. Second, we divide that range in 100 rungs. Third, we identify the rung in which each observation fits. In other words, each point in these scales represents the percent rung in which a particular observation is located in relation to the entire sample. At this point, all we have done is standardize the indicators for the different public goods into comparable scales.

3. **Generating a single index of state-supplied public goods:** Finally, the last step is to aggregate the standardized values of all indicators in order to produce the composite index of state-supplied public goods for each country-year. The range of the index goes from 10-1000 points, where “10” would be the score for a case where all the observations for that year are located in the bottom rung, and “1000” would be assigned to a case where all the observations are located in the top one.
2.5 Critical Juncture: Popular Incorporation and the Social State

The interwar years were a period of major political transformations. This was a time when the relationship between the state and the popular classes changed in many parts of the world.\(^{60}\) Before the turn of the century, the interaction between states and the popular classes had mostly taken the form of repression. However, after WWI, elites discovered that the popular classes could also represent bases of support that increased their political power, leading to enfranchisement of working class men (Collier and Collier 1991:48-49).\(^ {61}\) At the same time, the radicalization of the international labour movement after the Russian Revolution convinced elites of the need to address some of the demands of the working classes to prevent the strengthening of communist parties (Luebbert 1991; Berman 2006). This had already been a concern since the late-19\(^{th}\) century, when social Catholics and corporatist groups sought to offer alternative views of solidarity and poverty alleviation to the communists and socialists. In addition, the mass mobilization of especially poor men to the frontlines of WWI created stronger demands for progressive taxation and redistribution, a “conscription of wealth” that could compensate for the conscription of bodies (Scheve and Stasavage 2012). Finally, the Great Depression of 1929 temporarily weakened those groups that had in the past resisted the expansion of the state, especially organized business. As Keynesian policies were implemented to accelerate economic recovery, political organizations with the capacity to mobilize the popular classes were able to

\(^{60}\) Lipset 1963; Lipset 1985; Luebbert 1991; Collier and Collier 1991; Berman 2006.

\(^{61}\) Collier and Collier (1991:783) defined popular incorporation as “the first sustained and at least partially successful attempt by the state to legitimate and shape an institutionalized labor movement”, by this they meant the time when the lower classes were initially linked in a stable and well-institutionalized manner to the political system, whether this was as part of the governing coalition or as a serious contender among claimants for the benefits of state policy (Collier and Collier 1991:784).
exert greater influence on political decision-making and use the state apparatus to address their socioeconomic grievances.

As a result, the changes in the relationship between the state and the masses carried with them the transformation of the state itself. Whereas during the 19th century oligarchical states provided, at best, physical security and protection of property rights, during the interwar years the popular classes pushed for the expansion of state activities: regulating working conditions, managing labour conflicts, providing social security, and directly intervening in the economy. In the new “social states” that emerged, public spending was no longer completely absorbed by basic security expenditures—police, courts, army, foreign affairs and a streamlined administration—but became increasingly engrossed by the supply of public services to the population (Piketty 2014:475-476). As we will see below, the expansion of state functions through the rise of the social state in developed countries was accompanied by a similar increase in tax revenues (Piketty 2014:496). Developing countries in many parts of the world, and especially in Latin America, followed a similar trajectory, where the state was also pushed by the newly incorporated popular classes to spread its resources across an increasing number of activities. However, in many of those cases, states grew in size and complexity but not in capacity. Their ability to extract taxes remained very limited and with it their ability to effectively provide and preserve other types of public goods.

62 The incorporation of the popular classes and the “reform period” whereby the oligarchical states of the 19th century expanded the scope of their activities to include the mediation of industrial conflict, the regulation of the economy and the expansion of social policy, have been frequently treated as a critical juncture to explain divergent trajectories of political development, especially in relation to patterns of democratization and the formation of party systems (Lipset and Rokkan 1967; Collier and Collier 1991; Luebbert 1991). In this dissertation I expand this line of argument, claiming that patterns of labour incorporation also defined the long-term trajectories of state capacity (for a similar argument see Kurtz 2013).
2.5.1 The Emergence of the Social State in France and Mexico: Size and Scope of the State

France and Mexico were not exceptions to this general trend; on the contrary, they became the prototypical examples of state-led development in Europe and Latin America, respectively. During the 1920s and 1930s, both countries began a process of expansion in their size and scope of activities.

2.5.1.1 Popular Incorporation and the Social State in France

The formal incorporation of the popular classes in France can be traced back to the 1901 law on associations that allowed for the creation of political parties. As a result of this law, in 1905 the Section Française de l'Internationale Ouvrière (SFIO) was created as the dominant socialist party with strong ties to the labour unions, especially the Confédération Général du Travail (CGT). Even though workers had demanded more access to political participation since the 1860s, it was through the SFIO that they found an electoral vehicle to defend their interests before the state. Before 1905, the alliance between the popular classes the republican movement had been shaped by a bourgeois leadership that only exceptionally responded to the demands of urban workers and almost never to the peasantry.

In the 1920s socialist parties began to gain power and to push for the expansion of social policy and state intervention in industrial conflicts. In 1936-1937, a socialist-communist coalition the Popular Front, came to power. Even though this administration was very short-lived, in implemented major changes regarding social policy and labour rights (the Matignon Agreements).
Concern with social policy, however, was not exclusive to the left, but social Catholic organizations, often emphasizing family values and pro-natalist objectives, also demanded larger involvement by the state in ameliorating living conditions (Dutton 2002). The effects of the Great Depression incensed greater discontent against the political and economic values of the late-19th century (individualism, private property, parliamentarism), and proposals were put forward for a new political economy where the state would play a predominant role in actively steering national development (Nord 2010:25-49). These proposals ultimately became the foundations for the construction of the “French model” of the second half of the 20th century, which combined a concerted economy, a parental welfare state, and a powerful technocratic bureaucracy, and marked the beginning of the rapid expansion of the French state.

After WWII, a dirigiste economy emerged with full force. In 1933 the state nationalized private airlines, and a few years later, in 1936-1937 under the Popular Front, it took over aircraft and armament factories, put the Bank of France under stricter governmental control, bought the industrial assets of the five major railroad companies and created the Société Nationale des Chemins de Fer Français (SNCF) (Chadeau in Toninelli 2000:187-188). In 1944-1946, a second wave of nationalizations, pushed forward by the Communist Party and building on the plans of the Conseil National de la Résistance during the war, nationalized the Bank of France along with the four largest commercial banks, insurance companies, and several key industries: automobiles (Rénault), aircraft engines, coal mines, gas, electricity, iron and steelmaking, among others. Similarly, the new French state actively intervened in research and technological innovation. Finally, shortly before WWII and in its immediate aftermath, French governments prioritized bureaucratic professionalization through the reconfiguration of the Institut d’Études Politiques de
Paris (Sciences Po) and the creation of the École Nationale d’Administration (ENA) and the Fondation Nationale des Sciences Politiques (FNSP) (Nord 2010).

These new activities meant that France went from having one of the smallest states in Europe by the turn of the century to becoming one of the largest and most interventionist states in the developed world. By the early 1980s, the French state controlled more than 90% of energy production, 75% of financial services, and 35% of industry (Chadeau in Toninelli 2000:185-186).

2.5.1.2 Popular Incorporation and the Social State in Mexico

In Mexico, popular incorporation was largely the result of the revolutionary conflict of 1910-1917. The ideological orientation of the revolutionary leadership, as well as its social background and its bases of support, meant that the new regime gained its legitimacy by appealing to its popular origins. As a result, not only was universal male suffrage recognized in the 1917 constitution, but also labour and peasant organizations were actively involved in the new political system. During the 1920s political survival depended on the ability of politicians to mobilize the support of these organizations against adversaries in the ballot and in the streets. By the end of the 1930s, however, the major state-sanctioned confederations had already absorbed many of these popular organizations, now under the firm control of the party-state.63 Even in the aftermath of the consolidation of the corporatist party-state, the need to maintain popular support meant that the post-revolutionary regime still needed to be responsive to the demands of its subordinate partners.

63 Collier and Collier 1991.
From the 1920s to the 1980s, the Mexican state grew in size and in the scope of its activities. As in the French case, it nationalized key economic sectors and steered the economy not only through its State-Owned Enterprises (SOEs) but also through protectionist trade policies, industrial regulations, subsidies, marketing and technical assistance boards, and expansionary monetary policies. Through these “decentralized” or “parastatal” agencies, the state dominated strategic sectors of the economy. It controlled, already by the end of the 1930s, finance, electricity, oil and petrochemicals, railways, and fertilizers, and by the 1970s it had nationalized airlines, steel and telecommunications, and directed the distribution of basic foodstuffs in rural areas, among other parts of the national economy. By 1982, the government held up to 1155 enterprises with a majority share in 755. At their height, SOEs generated 22.3% of GDP and accounted for 72% of all revenue from the 50 largest firms in the country (Greene 2007:102-103). In other words, from the 1920s to the 1970s, the state gained increasing control over the economy. The size of the public sector also grew dramatically during this period. It went from employing 1.3% of the labour force (around 63,000 people) in 1921, to employing over 16.5% of the labour force (5 million people) in the federal administration, subnational governments and decentralized agencies, in the 1980s.64

In sum, in the 1920s and 1930s, these two countries began the construction of extensive “social states” in response to the demands of the popular classes. As part of this state-building agenda they actively attempted to expand tax revenues, to build communications and transportation infrastructure, and to improve living conditions through more ambitious education,

64 Numbers for the 1980s come from (Greene 2007:101); data of people employed in the public administration for 1921 comes from (Grindle 1977:188) and is weighted against the data on the size of the labour force provided by (Hamilton 1982:110).
social and health policies. We now move on to observe their long-term success regarding these objectives.

2.5.2 The Evolution of State-Supplied Public Goods in France and Mexico: State Capacity

Using the measurement strategy described in the previous sections, figures 2.1 and 2.2 present the long-term evolution of state-supplied public goods in France and Mexico from the mid-19th century to 1970. Unfortunately, the data is sparser for earlier periods. However, it has been possible to construct the index with yearly observations of all 10 indicators from 1875 to 1970 for France and 1930 to 1970 for Mexico. The data has been manually compiled from official statistical yearbooks and is part of a larger dataset with a dozen indicators of state-supplied public goods for both countries, disaggregated at the sub-national level (départements and estados, respectively), and covering observations from 1830 to 1960. Figure 1 shows the evolution of state-supplied public goods for France and Mexico using the original units of each indicator. Figure 2 offers an aggregate picture of the overall supply of public goods based on the addition of the standardized values of each indicator.65

The sustained growth of public goods in France and the stagnation in Mexico during the 20th century suggest that these two countries pursued different trajectories in the construction of the “social state” in response to the increasing demands of the popular classes. In France, the

65 The data for France and Mexico comes from various issues of official statistical yearbooks, the Annuaire Statistique de la France, issues from 1876-1971 (see Service de la statistique générale de France and Ministère de l’agriculture et du commerce 1878; Institut national de la statistique et des études économiques and Ministère des finances et des affaires économiques, Institut national de la statistique et des études économiques 1953) and the Anuario Estadístico de los Estados Unidos Mexicanos, issues from 1938-1971 (see INEGI-Instituto Nacional de Estadística Geografía e Informática 1938). See appendix for details about the data-gathering procedure.
political mobilization of the working classes during and after WWI accelerated the expansion of public revenue and the increasing supply of welfare services. In Mexico, the incorporation of the working classes after the 1910-1917 Revolution meant a change in the policy priorities of the state that reflected the more popular social composition of regime supporters, but despite repeated attempts, long-term growth in the supply of public goods was almost insignificant by 1970.
Figure 2.1 Evolution of state-supplied public goods in France (1875-1970) and Mexico (1925-1970)
Figure 2.2 Index of state-supplied public goods in France (1875-1970) and Mexico (1836-1970)
2.5.2.1 France:

Before the turn of the 20th century, beyond the provision of security, national defense and foreign policy, the activities of the French state were limited to the supply of basic public services, such as education and public works, especially after the 1830s. From 1830 to 1920, only transportation and communications infrastructure and primary education steadily increased. The ability of the French state to carry out these projects was a legacy of the technical schools (grandes écoles) and administrative bodies (grands corps) created during the Ancien Régime, and would contrast with the difficulties that the state faced in order to raise revenue and maintain political stability (Rosanvallon 1990:64).

Growth in public infrastructure began with the creation of a Ministry of Public Works, in 1831, and heavy public expenditures for the development of roads and the first railroad lines in the subsequent years (Weber 1976:197; Rosanvallon 1990:219-220). The national highway system was built between the 1830s and 1845 (about 36,000 km), and the network of secondary roads was only completed during the Third Republic (Weber 1976:196). Railway lines began to be built during the July Monarchy, in the 1840s. They then became a priority of the Second Empire during its early years (1851-1860), but the most significant expansion of railway lines took place under the Freycinet Plan of 1878 (Price 2001:4; Weber 1976:209-220).

Postal services were too costly and inefficient to be used with frequency during the first half of the 19th century. This began to change with the introduction of the English system of postage stamps that decreased the costs. However, postal traffic remained very low. According to Eugen Weber, letter post alone “jumped from one letter [per year] for every French man, woman, and child to two in 1830…The figure stood at five in 1860, at nine in 1869, at 14 in 1880, at 20 in 1890, and there it reached a saturation point” (Weber 1976:219). Figure 1 extends those
numbers up to the late 1960s, when letter post traffic reached 100 letters per capita per year, and then began to decline with the introduction of new technologies.

Similarly, the expansion of public education began with the Guizot Law of 1831 and grew significantly with the Jules Ferry Laws of 1881 and 1882 that secularized the system of education and made primary education free and mandatory. In 1836, France had a national average of 6.8 schools and 349 students enrolled in primary schools per 1000 student-age children. By 1843, these numbers increased to approximately 7.8 schools and 410 students per 1000 children. Public education suffered a decline in the early 1850s, but by the beginning of Third Republic it reached 7.5 schools and 500 students per 1000 children. By the end of the Third Republic these numbers grew much more rapidly, particularly after WWI, when they reached over 11 schools per 1000 children and 715 students enrolled. By 1970, France reached full enrolment.

The Second Empire implemented the first efforts to develop a comprehensive social policy, which included housing for the poor, mechanisms of poverty alleviation and infrastructural development to improve sanitary conditions. These early attempts were very contested (by both taxpayers and the prospective beneficiaries) and its coverage remained quite minimal (Fortescue 2001:205-206). Before WWI, the republican coalitions that governed the country during the late 1890s and the 1900s began to enact legislation to expand the coverage of the public healthcare system and establish accident insurance and a national pension plan. During these years, the welfare budget doubled (Nord 1994:822). New agencies were created under the ministries of Commerce and Interior, to oversee working conditions (Direction du travail) and carry out social insurance (Direction de l’assistance publique). These measures, however, still remained limited in their coverage. Free healthcare was only available to the destitute, and public
assistance could only be granted to men and women incapable of gainful employment. Even the pension and accident insurance schemes, continued to be voluntary plans, and many opted instead for alternative solutions: company plans, mutual-aid societies, or to go uninsured (Nord 1994:826).

Similarly, since the Ancien Régime and until the 1920s taxation levels did not significantly change, total public revenues ranged between 5 and 10% of GDP for almost two centuries (Delalande 2011:34). Parliamentary debate regarding a progressive income tax and the expansion of fiscal revenues goes back to the Napoleonic Wars, but it became a centerpiece in the political agenda of the Radicals during Adolphe Thiers administration at the beginning of the Third Republic. Organized interests, especially the powerful propertied classes in agriculture (France was still mostly an agrarian economy), made the several projects for the tax politically unviable. This resistance appeared again after 1907, when Minister of Finance Joseph Caillaux presented a new scheme for the progressive income tax. In the end, under the patriotic effervescence previous to WWI, a watered-down version of Caillaux’s project was approved in the Law of July 15, 1914 (Delalande 2011:237). Indeed, by the end of WWI, despite the urgent need to improve public finances, it was extremely difficult for the government to muster the political will to increase taxes.

Figure 2 captures the striking turn that the evolution of the French state experienced during the interwar years. Whereas before 1918 the average yearly growth of state-supplied public goods was 2.04 points (out of 1000), after 1918 the annual growth rate was 7.21. This expansion was mostly driven by the dramatic increase in fiscal revenue that began in the 1920s and continued to grow until 1970. After 1918, tax revenues began to expand as part of a conscious effort to solve the fiscal crisis left behind by the war. These efforts began with the
implementation of the income tax in 1916, but really succeeded with the expansion of sales (or turnover) taxes (*taxe sur la chiffre d’affaires*) between 1920 and 1926, an indirect taxation strategy to be later consolidated through the value-added tax (*taxe sur la valeur ajoutée*) in 1954. This triggered a path-dependent trend in the composition of French fiscal revenues: where indirect taxes on consumption would represent over 60% of total revenues, while direct taxes on income and capital would represent 30% (Morgan and Prasad 2009). These changes would push for the expansion of fiscal capacity during the interwar years, pushing the tax ratio from 8-10% of GDP to 33% after WWII. Consequently, public revenues would soar over 40%. These developments during the interwar years are indicative of very high levels of state capacity, especially in comparison to the Mexican case, since tax reforms could be immediately implemented and translated into increases in revenue. In other words, once the political will was there to increase taxation in order to expand the supply of public goods, the capacity to achieve it was already there.

The growth of tax revenues brought with it additional public goods. By the 1930s, the country had already made major progress in terms of the development of transportation infrastructure. The main railway grid was completed before WWII, and the newly created SNCF oversaw its reconstruction and operation after the war. Similarly, the road network was completed with the expansion of secondary roads during the Third Republic. In the early 1930s, a large number of secondary roads managed by localities were absorbed by the national government, which explains the sudden shift in Figure 1. Similarly, the rapid development of communications infrastructure experienced during the 20th century (postal services and telephone subscriptions) continued trends that were already in place since the 1890s. This was as much the result of technological improvements as of the creation of a new governmental agency to
administer telecommunications (Postes, télégraphes et téléphones) in 1921. Finally, building on the reforms of the early 1900s, France had reached full primary school enrolment by 1970, and was now investing heavily on secondary and post-secondary education.

As we will see in more detail in Chapter 6, the expansion of the size and activities of the state in the 1930s also entailed the gradual control and administration of a huge welfare state, albeit one marked by a de-centralized structure, with extensive coverage of social insurance, public healthcare, pensions, and family allowances.\(^66\) The steady decrease in stillbirths after the 1920s is suggestive of the successes of these reforms in social policy. By the end of the 1980s, the size of welfare spending (income maintenance, social insurance and family welfare) was 27.1% of GDP (Dutton 2002:2fn5).

2.5.2.2 Mexico:

The data for public goods provision in Mexico during the 19\(^{th}\) century is sparser than in France. However, there is no question that the fragile governments that ruled the country before 1876 were incapable of providing even the simplest public goods to their populations. For example, the only means of transportation in the country towards the end the Reforma War in the 1860s was still the highway system that the Spanish Crown built during the colonial period to transport resources from the countryside into Mexico City and then to the port of Veracruz. Moreover, this network deteriorated after several decades without proper maintenance, mostly being used for beasts of burden rather than wheeled vehicles (Haber 1989:13-15). Similarly, by

1877, “Mexico possessed not more than 640 kilometers of [railroad] track, of which 114 employed mules rather than steam engines as their source of motive power” (Haber 1989:15).

The lack of public resources and political instability meant that, until Porfirio Díaz took power in 1876, the state would play an insignificant role in infrastructural development and the delivery of public services. The Porfiriato (1876-1910), on the other hand, began to change this trend. It consolidated political order for three decades with a degree of stability that had not existed in the country since the end of the colonial period. Under these more favourable conditions, Díaz’s regime invested on public infrastructure. The railroad network famously grew during this period with the construction—through federal concessions—of the lines between Mexico City and the northern border, between Mexico City and the port of Veracruz in the Gulf, and the grid between the main cities of the central highlands (Haber 1989:15). The expansion of railroads created a national market for agricultural products, while helping link the Mexican mining industry to the ports. Even though this was a major improvement compared to the previous decades, the construction of public infrastructure followed the lead of foreign capitalists, and, even if it had the effect of integrating the national territory, it was built primarily to benefit the interests of the domestic economic elites and foreign actors that backed the regime (Haber 1997:69; Goldfrank 1976). The Porfiriato developed infrastructure more as a club good than as a public one.

The state during this period remained very small. Díaz’s regime financed itself not through taxation or natural resource rents, but through a combination of cajoling foreign investment for public projects, foreign credit, and a fiscal policy focused on limited taxes on foreign enterprises, customs duties on imports, and taxes on precious metals (Katz in Bethell 1986:36). The revenue of the federal government during the Porfiriato was less than 4% of GDP
This meant that the state’s ability to supply other public goods would continue to be extremely limited as it depended on foreign investors and creditors.

The social revolution of the 1910s was a turning point that allowed for the consolidation of a strong central government capable of restoring order. Furthermore, the legacy of the revolution was the birth of a massive party-state that, as mentioned before, at its height in the late 1970s employed almost 16.5% of the labour force (Greene 2007:101). The stability of the regime and its ability to repress and coopt adversaries, as well as its massive efforts in transforming the economic structure and collective identities of Mexican society, have often been equated with the development of higher levels of state capacity in relation to the rest of Latin America.

However, the figures presented above tell a different story. The index of state-supplied public goods offers some insights that contradict the claim that the Mexican state became more capable as a result of the Revolution and the centralization of power by the post-revolutionary regime. Against conventional wisdom, the 20th century was a period of stagnation in Mexican state capacity. Between 1936 and 1970, the relative index of state-supplied public goods in Mexico grew an average of 0.14 points per year (during the same period, France grew at an annual rate of 6.77). This means that, compared to the French case, Mexican state capacity experienced no meaningful change over those years, despite the growth in size and scope of the state.

The post-revolutionary regime emphasized the expansion of primary public education, the construction of a larger road network, and the provision of basic health services, in order to satisfy the demands of the popular classes that it represented, particularly the peasantry (Haber et al. 1998).

67 See Skocpol 1979:3; Cumberland 1972; Cockcroft 1983; Vom Hau 2008.
al. 2008:36). Any gains made during this period, occurred in these policy areas. However, this growth was very modest and did not reflect an overall increase in state-supplied public goods, largely because they only represented a reallocation of resources from other policy areas that were, in turn, neglected. Most importantly, taxation remained very low throughout the period, despite repeated efforts to increase tax revenues. Many of the public goods built during these years were financed by debt, monetary policy and oil windfalls, rather than taxation (Haber et al. 2008; Calomiris and Haber 2014). After the 1920s, most state-supplied public goods remained within the regional average, behind countries like Chile, Uruguay and Argentina, and at the same level of places like Colombia, where centralizing efforts had been less successful.

The expansion of primary education throughout the territory (seen as the “cultural” dimension of the revolution) was a priority for the new regime, which pushed forward aggressive efforts to reconstruct collective identities. The success in implementing a major educational reform between the 1920s and 1940s has been often identified by the literature on state capacity as an important achievement of the post-revolutionary Mexican state (Soifer 2006; Vom Hau 2008). Indeed, Figure 1 shows that the number of students enrolled in primary schools approached French levels by 1970, although the number of establishments remained comparatively low.

The second policy priority for the new regime was related to infrastructural development in order to gain a larger presence in the rural hinterlands. This goal is going to be carried out through the expansion of the road network, shifting away from the priority on railroads of the Porfiriato. After the revolution, the construction of railroad tracks stalled, plateauing around 23,000 km or about 12 m/km². The national road network developed from being almost non-existent during the Revolution to more than 70,000 km by the 1970s, or about 36 m/km². In
1933, only twelve states could be reached by highway, which generated a major problem to create a well-integrated national market (Díaz-Cayeros 2006:85). In response, starting in the 1930s, the construction of the road network became a priority for the state. This shift in emphasis from railroads to roads as the main infrastructural projects of the post-revolutionary regime reflected its commitment to expanding the presence of the state into the countryside, unsurprising given that the governing coalition was led by the rural middle classes and rested upon the support of the Mexican peasantry.

The indicators of fiscal capacity barely changed after the revolution (Figure 1), despite repeated efforts to reform public finances. Contrary to the French case, the income tax was first created without much opposition in 1921. It then experienced several reforms in the following years as the new governments sought to increase revenue. By the end of the revolution, there was very little coordination regarding taxation between the national, state, and municipal governments. The federal government tried unsuccessfully to centralize taxation in 1925 and 1933, and finally succeeded in 1947, with the Third National Tax Convention. This system established that:

First, local governments would rely on the property tax and some other minor taxes as their exclusive sources of revenue, eliminating their taxes on trade and industry; second, states would receive revenue shares from federal excises on natural resources, alcoholic beverages, matches, and other items, and they would be guaranteed 25 percent of any additional revenue collected through those federal taxes; third, a national sales tax would

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68 Aboites 2003; Diaz-Cayeros 2006; Uhthoff López 2009.
be introduced, where the rate would be shared between states and the federal government, but it would be administered as a centralized federal tax; fourth the income tax would become exclusively federal, although states would retain some authority over (very low yield) taxes on agriculture and livestock; and fifth, the contribución federal would be finally reduced to 5 percent in all states in order to gradually phase it out in the coming years (Díaz-Cayeros 2006:95).

These reforms reduced the fiscal attributions of subnational governments, making the Mexican tax structure look a lot more similar to unitary rather than federal states. After a brief interlude of mild de-centralization in the 1960s, by 1970 federal public revenue represented close to 10% of GDP, while municipal tax collection declined to less than half a percentage point of GDP and state taxes to less than 1.5% of GDP (Díaz Cayeros 2006:36-37).

In other words, despite the growing centralization of fiscal authority, overall levels of taxation barely changed from 1920 to 1970. The problems that the regime faced were not about policy-making, since by 1947 the entire political system was built upon the repression and cooptation of the opposition. The challenge was policy-implementation and taxpayer compliance. As a result, public revenues remained around 7% of GDP until the 1950s when the growth of the party-state pushed for 10%. The tax ratio however showed virtually no change for the entire period (5-7% until 1970), suggesting that the new revenues were not coming from a

69 In 1965 public revenues almost doubled. This was the result of the administrative reform whereby Gustavo Díaz Ordaz’s government integrated the income and expenditures of the state owned enterprises into the national accounts. This was an attempt to centralize control and bring coherence to the SOEs. Before these reforms, individual ministers controlled their budgets. Public revenues expanded as SOEs were integrated into the budget, but taxation levels remained extremely low. The proportion of public revenue generated by direct and indirect taxes dropped as the state increasingly relied on its SOEs to finance its operations (see Nava Negrete 2011; also Greene 2007:101 fn14).
better ability to extract taxes as much as from the newly nationalized oil industry. Direct taxation doubled during WWII, when taxes on income and wealth reached 25% of total taxes.\textsuperscript{70} However, the very marginal growth in the tax ratio suggests that this increase in direct taxation did not reflect a heightened capacity of the Mexican state to extract revenue from its population.

Social security was established in 1925 for government employees, and was then expanded for unionized workers in the private sector through the creation in 1943 of the Instituto Mexicano del Seguro Social (IMSS). In 1959 the Instituto de Seguridad y de Servicios Sociales para Trabajadores del Estado (ISSSTE) was established to administer and deliver social security for workers in the public sector, who enjoyed higher social benefits than the rest of the population. Despite the efforts of state-sanctioned labour unions to achieve the expansion of services and coverage, welfare services remained very limited by 1970. Only 10% of the total population were covered under the system of social security, 21% had access to public healthcare, and 1.3% of the population over the retirement age enjoyed pensions from the IMSS (Pozas Horcasitas 1993:63; Dion 2010:113).

\textbf{2.5.2.3 State capacity in comparative perspective:}

What do we learn about the processes that drive growth in state capacity by comparing the long-term evolution of the French and Mexican cases?

As previously mentioned, the values generated by the index are not to be taken as absolute measures of state capacity, but rather as relative assessments of the ability of a state to

\textsuperscript{70} According to Luis Aboites, this growth was the result of some new taxes in the context of the war, as well as improvements in the collection of the income tax (Aboites 2003:38). However, after the period of growth in direct tax revenues of 1943 to 1949, collection of the income tax became once again extremely erratic, as shown in Figure 1.
supply public goods at a particular point in time \textit{in relation to} other contemporary cases or \textit{in relation to} itself in a different historical period. The ability to produce reliable comparisons is essential for research questions about the processes that shape political development. For instance, levels of state capacity that defined a strong state in the 19\textsuperscript{th} century are very different from what defines a strong state today. A state that ranked at the top of its 19\textsuperscript{th} century contemporaries, if it continued to produce the same amount of public goods today, would be seen as a weak state. The reason for this is that there has been a generalized increase in state capacity around the world due to scientific discoveries, technological innovations, and political transformations. If we plotted the evolution of state-supplied public goods for all countries during the 20\textsuperscript{th} century, we would expect to see a general upward trend in all of them. Since we are interested in evaluating trajectories of political development, we want to ask ourselves: How much did state capacity change in a particular case besides that generalized trend? This means that for research on political development, we are fundamentally interested in the temporal evolution of disparities across cases.

With this in mind, the image that we obtain from Figure 3 is quite revealing. Starting in the 1920s, both France and Mexico actively tried to expand the scope of their states. Both countries undertook tax reforms in order to increase fiscal revenue during these years, and in the following decades nationalized industries and the state took over the responsibility of driving the economy. As we will see below and in more detail in Chapter 6, the French and Mexican states pursued very similar objectives regarding public goods provision during the 20\textsuperscript{th} century in many policy areas, but while France succeeded, Mexico lacked the capacity to achieve those goals.

Moreover, the divergent trends presented in Figure 3 go against many established views regarding French and Mexican political development. Historians in the 1960s often described the
French Third Republic as characterized by a weak state and a “stalemate society”, especially in the 1920s and 1930s (Hoffmann 1963; Crozier 1970). In recent years, however, a wave of historical revisionism has questioned this image, suggesting instead that the Third Republic was a surprisingly flexible and adaptable regime, where the state learned to cooperate with civil society to get things done, despite many of its most evident political limitations: weak executives with unstable cabinets, a divided parliament, and an alienated and radicalized working class.71

Similarly, we find in the literature contradictory assessments of Mexican state capacity at the height of the post-revolutionary regime. On the one hand, after the consolidation of the post-revolutionary regime in 1929, the presence of the Mexican state throughout the territory became much more evident.72 It carried out large-scale transformative projects, from a massive system of public education to an extensive land reform and the expropriation of the energy sector. On the other hand, some argue that the development of Mexican state capacity was not ahead of the Latin American average, but actually lagged significantly behind.73

The index offers a reliable measurement instrument that solves these contradictory claims. The time-series presented above suggest that the Third Republic in France indeed experienced significant growth in state capacity, despite the conventional prejudice against it as a

73 Kurtz (2013:11,13,15-16) presents comparative data of several Latin American countries for the period between 1900 and 1940. In all of the indicators (taxation, education, and railroads), Mexico lags significantly behind the rest during that period. Similarly, in a recent paper, Centeno (2009) presents 12 indicators of state capacity for 17 Latin American countries, in most indicators Mexico appears to be close to the Latin American average (behind countries like Brazil, Chile, Costa Rica and Uruguay and slightly above countries like Colombia and Panama). Also see Haber et al. 2008; Haber and Menaldo 2011; Huber and Stephens 2012.
regime marked by paralysis and conflict. The Mexican state in the 20th century, on the other hand, seems to have grown in size but did not develop the capacity to solve the coordination challenges associated with the supply of public goods.

The striking point raised by Figure 2.2 is not how much the supply of public goods grew in Mexico during the 35 years covered in the data (1936-1970) in an absolute sense, but how much it grew in relation to the growth experienced by France during the same period. Measuring Mexican political development in absolute terms would miss the fact that the historical context against which state capacity needs to be evaluated changed during those years. If what we care about is making a claim about levels of political development, it is much more useful to say that in the 1930s the portfolio of state-supplied public goods in France was about 1.75 times that of Mexico; by the 1970s France supplied 2.5 times more public goods than Mexico. The disparity in political development between the two countries widened, not narrowed, during this period.

2.6 War, Commodity Booms, and State Capacity in France and Mexico

How do these assessments of the evolution of French and Mexican state capacity sit in relation to the theoretical expectations of Bellicist and NRC theories? Table 2.2 summarizes the theoretical expectations of Bellicist and NRC theories as they would apply to the evolution of state capacity in 20th century France and Mexico and contrasts them to the empirical observations of these two cases. Even if exogenous shocks coincided with the expected expansion or stagnation in state-supplied public goods, the evidence from the French and Mexican cases questions the causal claims of these theories.
<table>
<thead>
<tr>
<th>Theory</th>
<th>Exogenous Shock</th>
<th>Hypothesized Causal Mechanism</th>
<th>Empirical Observations</th>
<th>Effect on state-supplied public goods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bellicist</td>
<td>WWI (1914-1918)</td>
<td>National government centralizes power and extracts financial and human resources to fight the war (taxation and conscription), in exchange for security and more public goods.</td>
<td>Weak national governments fail to centralize power. The war is financed through loans not through taxation. Complex public goods are produced through the cooperation of societal actors.</td>
<td>Institutionalized growth in the supply of public goods.</td>
</tr>
<tr>
<td>Mexico</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Theory</td>
<td>Exogenous Shock</td>
<td>Causal Mechanism</td>
<td>Empirical Observations</td>
<td>Effect on state-supplied public goods</td>
</tr>
<tr>
<td>NRC</td>
<td>Oil Expropriation and boom (1938-1970)</td>
<td>National government does not have the incentives to provide public goods or build strong state institutions, since it does not need society to finance itself.</td>
<td>National governments attempt to provide public goods despite not having incentives to do so. Public goods are immediately captured by entrenched societal actors and used for private gains.</td>
<td>Erratic stagnation in the supply of public goods</td>
</tr>
</tbody>
</table>
2.6.1 France, World War I and the Expansion of State-Supplied Public Goods

The divergence in levels of state capacity between the two countries started in the aftermath of WWI, when the French state began to rapidly expand the supply of all public goods, and especially taxation. Mexico’s experience of the two world wars was distant and very limited compared to France who paid a big portion of the human, financial and infrastructural costs of the conflict. Does this experience of devastation explain the expansion of public goods in France and the stagnation in Mexico?

Those who have applied Bellicist arguments to explain levels of state capacity in the 20th century claim that war and military rivalries generate incentives for rulers to centralize power and to increase revenue through taxation, while changing “taxpayers’ perceptions of what tax burden levels are viewed as tolerable” (Rasler and Thompson 1985:492). In other words, the theory focuses on the attitudinal changes of state and societal actors caused by military conflict.

74 The original formulation of this view comes from Peacock and Wiseman’s (1961) theory of displacements in public expenditures in Great Britain. This theory has been reproduced for four large states (France, Great Britain, United States, and Japan) during the 19th and 20th centuries by Rasler and Thompson (1985). They find that war, especially global wars, have a displacing effect on public expenditures, making them increase abruptly during periods of conflict, but remain agnostic about whether these punctured increases occur because taxpayers’ preferences about appropriate levels of taxation change. More recently, Thies has explored this theory on several geographical contexts during the 20th century (2004). The logic is also consistent with those who have explored the effects of war on taxation in early modern Europe, building on Tilly’s classical theory of state-making and war-making (Tilly 1990; Kiser and Linton 2001).

It is important to note a major difference, however, in what state-building entailed before and after the rise of the social state in the 1920s. As Hoffman and Rosenthal (1997) have shown for the French case, military expenditures, foreign affairs, and debt service (caused by loans to finance war) ranged between 71% and 95% of total public spending between 1628 and 1768. However, as mentioned before, during the 20th century, the expansion in the scope of activities of the state have proportionally decreased military budgets in relation to social policy and other spending priorities. Under these conditions, we would expect military pressures to have different effects on state-building efforts depending on how much of public spending is absorbed by the military budget. Therefore, we should treat the effects of war and military rivalries on the emergence of sovereign, territorial nation-states and on the expansion of the extractive capabilities of already existing states as two different causal questions.
However, in France we do not observe these changes in the preferences of state and societal actors during this period. The 1920s and 1930s in France were famously characterized by the weakness of the central government. The political fragmentation of the French state during these years has been attributed to the dominance of the legislative branch, the atomization of interest groups, the inability of political parties to articulate those demands, and the constant institutional experimentation with different electoral systems (Sumler 1977; Hoffmann 1963; Crozier 1970). All of these factors have been blamed for the collapse of the Third Republic in 1940 and were indeed sources of political instability towards the 1930s. However, they also coincided with the expansion of state-supplied public goods.

WWI did not fundamentally change the incentives that political elites had to pursue higher levels of tax revenue or the incentives of societal actors to resist or acquiesce to those efforts. Attempts to establish a progressive income tax, following the British example of 1798, were recurrent during the 19th century and dominated—without success—political debates by the early 1900s. Those debates continued during and after the war. Even during the military conflict, when a watered-down version of the income tax was passed, it did not represent a major increase in tax revenues. For instance, while in France only 15% of the war expenses were paid through tax revenues, in Great Britain 28% of the costs were covered through taxes (Delalande 2011:245).

In sum, the interwar years marked the beginning of the expansion in state-supplied public goods, but this occurred under very weak central governments and against very strong resistance from civil society, especially taxpayer organizations. If the Great War expanded state capacity, it was not because it contributed to the concentration of power in the political center of the country, at least not until the end of the Fourth Republic and the rise of Gaullism.
2.6.2 Mexico, Oil-Dependence and the Stagnation of State-Supplied Public Goods

Do natural resource abundance and commodity booms explain the stagnation of the Mexican case from 1930 to 1970? Classical NRC theories argue that these factors erode (or at least stunt the development of) state capacity. According to them, natural resource endowments remove the incentives that rulers would otherwise have to invest on state institutions and to provide public goods (Karl 1997; Chaudhry 1997). Without those incentives, rulers create a pattern of state-society relations where vested interests become dependent to the state and resist attempts to reform when resource windfalls decrease, thus generating states with low capacity. Therefore, the causal logic of NRC theories focuses on the incentives that state actors have to supply public goods, arguing that natural resource abundance leads to natural resource dependence, decreasing incentives for state actors to raise revenue through taxation and provide public goods in return.\(^7^5\)

The Mexican case, however, challenges these expectations on two fronts. First, fiscal reliance on oil windfalls did not result from their abundance or high international prices but from the inability of the state to extract revenue through other means. The nationalization of the oil industry took place at a time (1938) when known reserves were almost depleted. Moreover, the nationalization of the oil industry was not the result of a calculated scheme by the state to capture rents during an oil boom (international oil prices from 1920 to 1970 changed very little), but was

\(^{75}\) Only in passing do NRC theories consider the ability of states to solve the complex coordination problems associated with the production and preservation of public goods. They do so when they argue that once states rely on oil windfalls to maintain stability, they generate vested interests in society that will resist future attempts at reform. However, for conventional NRC theories, natural resource endowments determine state-society relations and state capacity, and not the other way around.
rather the unintended result of a political conflict between the oil workers’ union, the oil companies, and the Supreme Court (Haber, Maurer, and Razo 2003:212). Second, during this period, Mexican administrations tried to produce public goods to an unprecedented degree. According to NRC theories, natural resource abundance removes incentives for rulers to invest in public goods provision. However, in the Mexican case, we will see that the long-term stagnation in state-supplied public goods was not caused by the unwillingness (or even incapacity) of state actors to produce them, but rather by their incapacity to preserve them from congestion, depletion, and capture by private interests.

During the years of revolutionary conflict between 1910 and 1930, the oil industry was the only booming economic sector in Mexico (Haber, Maurer, and Razo 2003:190). The different revolutionary factions preyed on foreign oil companies to finance their operations. However, the oil companies were not passive actors, but could resist taxation quite successfully (Brown 1993:172-173). In fact, the taxes that they paid to the warring factions during the armed conflict were minimal compared to the size of their operations. Haber, Maurer, and Razo estimate that the Pelaecista faction in the Gulf of Mexico, which served as white guards for the oil companies in Veracruz, extorted about 2 million pesos from them between 1915 and 1920, while the gross revenues of these oil companies totalled 645 million pesos during those years (2003:204).

Even in the aftermath of the conflict, the Mexican post-revolutionary state remained too weak to be able to prey on foreign oil companies. Despite attempts to nationalize the reserves or increase taxes, the oil companies repeatedly eluded them, often by asking for the support of their countries of origin, in particular the United States (Haber, Maurer, and Razo 2003:208-211). When the nationalization of oil reserves finally occurred in 1938, known reserves had been
depleted and production was under 20% of what it had been in the 1910-1920 decade (Haber, Maurer, and Razo 2003:212).

The Mexican state became dependent on oil revenues not because they were abundant but because they were the only source of revenue that it could secure. The failure of the Mexican state to build strong institutions and expand its fiscal capacity between 1940 and 1970 meant that when the second oil boom began as technological innovations allowed the Mexican government to tap onto new reserves in the 1970s, the state would continue on this path-dependent trajectory of natural resource dependence. This sequence of events goes against the predictions of NRC theories: natural resource abundance did not cause weak state capacity, but rather weak state capacity caused natural resource dependence.

Furthermore, against the expectations of NRC theories, the inflow of oil revenues did not hinder the production of public goods. Post-revolutionary administrations repeatedly tried to expand the supply of public goods, however they would recurrently fail due to their incapacity to protect those goods from capture by private interests, congestion and depletion.

Table 2.3 breaks down the average growth rates in years with positive and negative growth between 1936 and 1970, which are the years covered by the data for both cases. Surprisingly, in good years, Mexican state capacity grew at a similar pace as France (10.60 points on average compared to 12.03). The problem was that in the bad years, the supply of public goods in Mexico decreased at a much higher rate than France (-17.54 points compared to only -11). Briefly put, Mexico had more episodes of shrinking public goods and lost more during those episodes than France.
Table 2.3 Growth rates in good and bad years, France and Mexico (1936-1970)

<table>
<thead>
<tr>
<th>Sum of Public Goods</th>
<th>Country</th>
<th>Number of positive years</th>
<th>Number of negative years</th>
<th>Mean annual positive growth</th>
<th>Mean annual negative growth</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>France</td>
<td>27</td>
<td>8</td>
<td>12.03</td>
<td>-11</td>
</tr>
<tr>
<td></td>
<td>Mexico</td>
<td>22</td>
<td>13</td>
<td>10.60</td>
<td>-17.54</td>
</tr>
</tbody>
</table>

When we compare the development of state capacity in France and Mexico during these years, it is striking to note that their divergent trajectories are not generated by the lack of efforts by the Mexican state to produce new public goods—especially regarding taxation—, but rather by its inability to consolidate the capabilities necessary to sustain that supply in the long-run.

These numbers are consistent with the history of the period, famous for the heavily publicized efforts to modernize the economy and create a welfare state. Different administrations made the supply of certain public goods their priorities: the expansion of education (under Obregón and Calles), agrarian reform (under Cárdenas), social security (under Ávila Camacho), or transport infrastructure (under Alemán). In each one of these cases, public goods would be created but fall prey to problems of congestion and depletion shortly after. Public education, social security, and agrarian reform institutions famously became key sources of rents for PRI leaders to negotiate political support, empowering organizational intermediaries at the expense of the quality and coverage of public services.

Primary education became dominated by syndical strongmen under the Sindicato Nacional de Trabajadores de la Educación, created in 1949, affiliated to the corporatist party in power, the Partido Revolucionario Institucional (PRI), and the only officially recognized union of public teachers. The quality of public education, after its initial success during the 1920s, declined after 1950.
The party and its satellite organizations would dominate social security through its two main institutions (the Instituto Mexicano del Seguro Social, IMSS, for formal workers of the private sector, and the Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado, ISSSTE, for employees of the public sector). The corruption and inefficiencies within the agencies of social security brought them to the brink of financial bankruptcy, even though for most of the 20th century only a minority of the population was entitled to its services.

The agrarian reform entailed much more than land redistribution, but a complex system of credit, subsidies, and technical support for peasants. The network of agencies related to the agrarian reform was dismantled in the 1990s, without having achieved major increases in agricultural productivity or a significant improvement in the quality of life of the peasant populations.

Even the transportation infrastructure developed under Miguel Alemán’s administration (e.g., the expansion of the railroad network) in the late 1940s would ultimately be captured by private interests within the state-owned enterprise in charge of its operation: Ferrocarriles Nacionales de México (FNC). FNC was formally privatized in the 1990s after most of its infrastructure was no longer operational.

This description of Mexican political development as a case of erratic stagnation helps us explain the contradictory images that the literature has produced regarding the evolution of Mexican state capacity during the 20th century. The erosion of public goods is much less conspicuous than their creation. The inauguration of a new primary school or a new highway is usually highly publicized and captures the attention of observers, but the congestion of communications infrastructure and the health system, the inefficiency of the postal service, or the saturation of public schools are gradual processes less likely to be noticed. Similarly, the
expansion of public revenue is much more visible than changes in its composition. In the Mexican case, more resources coming from the oil sector meant highly publicized short-term expenditures in politically profitable simple public goods, but in the absence of more comprehensive coordination capabilities, even those simple public goods were recurrently eroded.

In sum, the slow growth in state-supplied public goods was not the result of natural resource abundance in Mexico. Against the expectations of NRC theories, rulers repeatedly invested in public goods, but they lacked the capacity to preserve them and to prevent their capture by private interests. This weakness in the Mexican state preceded commodity booms. The dependence of the Mexican state on oil windfalls was not the result of a predatory government that sought to capture rents, but the unintended result of the nationalization of the oil industry—under exceptional circumstances and at a time when known oil reserves were not particularly productive—by a government that could not obtain revenue through any other means.

2.7 Conclusion: The Puzzle of French and Mexican Political Development

In this chapter I have offered a reconceptualization of state capacity as the ability of the state to solve the coordination challenges associated with public goods provision. Based on this definition, I have argued that levels of state capacity across the world began to dramatically diverge with the incorporation of the popular classes and the emergence of the social state during the interwar years. The expansion in the size and scope of activities required that the state solve large-scale collective action problems in order to generate the public goods demanded by its population. In some cases, such as France, the state was able to solve those coordination
challenges and its growth in size and scope was paralleled by its growth in coordination capabilities. In other cases, such as Mexico, the state grew in size and scope and repeatedly tried to solve the coordination challenges posed by those transformations, but its attempts repeatedly failed.

Why did France succeed in carrying out large-scale collective action efforts while Mexico failed to do so? Bellicist and NRC theories do not take us very far in answering this question. During the 20th century, war and commodity booms influenced, at best, the demand for an expansion of state-supplied public goods, but did not fundamentally change the conditions under which the French and Mexican states could solve the coordination challenges related to their production. As we saw in the Mexican case, even when state actors repeatedly tried to produce public goods, they were incapable of protecting them from congestion, depletion and capture by private interests.

The following chapters offer an answer to this question. In chapter 3, I present an Organizational Theory of Political Development, where I show how we can explain the success or failure of states in the long-term provision of public goods by thinking about this issue as a multi-level collective action problem. The solutions that individuals adopt to solve collective action situations at the micro-level, namely political mobilization, open or foreclose solutions for the coordination of collective action at the macro-level, such as the production and preservation of nationwide public goods.

Chapters 4 to 6 offer a comparative historical analysis that traces the strategies of political mobilization that the popular classes have adopted in France and Mexico since the Atlantic Revolutions of the late 19th and early 20th centuries; how those strategies of political mobilization influenced the ways in which the popular classes were incorporated into the political arena in the
early 20th century; and how those differences in popular incorporation shaped the ability of the French and Mexican states to solve the coordination challenges posed by the expansion in the size and scope of the state’s activities.
Chapter 3: An Organizational Theory of Political Development

3.1 Introduction

The Organizational Theory of Political Development that I present in this chapter synthesizes the insights of Bellicist, NRC, institutionalist and socio-historical approaches, in order to explain how domestic and exogenous factors interact to shape the evolution of the modern state. The argument is “systemic” insofar it accounts for macro-historical trajectories of state formation by looking at the aggregate effects of a small number of differences occurring at the micro-level, in the internal structure of societal organizations.

In a nutshell, I argue that the long-term development of state capacity depends on the predominant type of societal organizations created to place demands upon the state. How the coordination challenges of creating political organizations were solved at the micro-level determined whether a state would be able to overcome, at the macro-level, the coordination challenges posed by the production and preservation of public goods, especially as the scope of state activities expanded with the rise of the social state.

The theory begins with the claim that states may maintain political order through two mutually exclusive but equally effective strategies: either by allocating private goods in the form of rents and privileges to a limited number of supporters capable of disciplining the rest of the population, or by supplying public—and by definition non-excludable—goods to the entire population. Exogenous factors may change the amount of goods that rulers provide to ensure political survival, but they are unlikely to affect the type of goods (private or public) supplied by the state.

The type of goods that a state primarily supplies—that is, the strategy of political order that it adopts—depends on how it relates to the society it governs, which in turn is shaped by the
organizational structures that societal actors adopt to interact with the state. Where organizations remain dominated by personalistic relations, they produce political systems based on the distribution of private goods. Where societal organizations adopt an impersonal logic, they can only reach an equilibrium around the exchange of public goods for political support. In other words, differences in the organizational structure of civil society determine the type of goods that rulers provide to remain in power and maintain order, generating over time different systemic equilibria.

Finally, differences in the organizational structure of civil society are explained by how changes in social relationships open or foreclose organizational resources, especially for the popular classes. Historically, these changes in social relationships were produced by the commercialization of agriculture and the decline of coercive labour, which contributed to undermine local patron-client ties and created the conditions for peasants and poor urban dwellers to build class-based organizations that were national in scope and independent from the control of local elites. Conversely, where labour repressive agriculture persisted into the time of incorporation of the popular classes into the political system, these groups were mobilized by local elites that still controlled organizational resources.

In this chapter I explain in detail the causal logic of the theory. The chapter is divided in three sections devoted to each step in the argument: (1) explaining how different strategies of political order mediate the effects of exogenous shocks on the supply of public goods; (2) explaining how the organizational structure of civil society determines the strategy of political order that will evolve in the long run; and (3) explaining how the changes in social relationships open or foreclose organizational resources for the popular classes and shape the type of civil society organizations that emerge as a result.
3.2 Explaining the Effects of Exogenous Shocks: Strategies of Political Order

3.2.1 Two Solutions to the Problem of Political Order

Traditionally, theories of political development have assumed that political order and other state-supplied public goods are generated by the same historical processes and depend on the same structural factors: namely, the concentration of power in a national state-building elite and the construction of a bureaucratic state apparatus. In recent years, however, institutional economists have opened this assumption for scrutiny, asking instead about the concrete strategies whereby rulers generate political order, and whether those strategies always entail the ability of the state to extract taxes, build productive infrastructure, supply other public services, and foster economic development.

Order is conceptualized in these accounts as an equilibrium in the negotiation of societal support in exchange for state-supplied goods, which serves to prevent outbreaks of violence and the collapse of the political system. This equilibrium can be reached through two alternative strategies, which have different long-term consequences on the ability of those states to supply other public goods. In the first of these strategies, state actors maintain political order by regulating the allocation of private goods such as rents or legal privileges in order to benefit supporters and punish defectors. I call this scenario “political order as a spoils system”. In the second strategy, order results from a system of political and economic competition that constrains the ability of any actor to capture rents, and where political support is negotiated in

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76 This is a legacy of a Weberian sociology of the state, where the centralization of coercive resources is seen as a distinctive feature of the process of state-formation. Nevertheless, why states emerged as an institutional form and why some of these states are stronger than others are two different research questions.

exchange for state-supplied public goods, that is, a scenario of “political order as a social contract”. Both strategies can be equally effective in controlling violence and fostering order and stability, even if they have unintended consequences in other areas such as economic performance, democracy, or the supply of public goods other than political stability.

Building on this distinction between different strategies of political order, we can create a typology of “stable” states in terms of the type and the amount of goods that rulers need to supply to maintain order. Of course, these categories are ideal types. All stable states combine the supply of public and private goods to a greater or lesser degree. Some spoils systems may enjoy enough resources to maintain their network of clients and to provide public goods to the general population. However, if those resources were to decline in that state, political order would depend on the ruler transforming those public goods into rents for his supporters. Similarly, social contracts often distribute private goods, sometimes legally (although rulers need to justify how by distributing those private goods they serve the general interest) and sometimes illegally, through corruption. However, in a social contract, this distribution of private goods is likely to generate significant discontent, and if excessive will lead to the removal of the leader. The claim is not that states only provide one or the other type of goods, but rather that political order depends on the rulers supplying the right type and amount of goods demanded by societal actors.

In Table 3.1, the type of state-supplied goods refers to the strategy that rulers use to maintain order in the polity. Private goods are excludable and rivalrous goods that rulers can distribute as selective incentives to their supporters. These private goods can be economic rents, in the form of direct cash-transfers, subsidies or privileged access to protected markets; political benefits, such as positions of power in the national government; or juridical exemptions, such as
the creation of special courts. In this regard, club goods (excludable but non-rivalrous) can also operate as selective incentives in very similar ways as private goods. For example, providing legal or fiscal privileges to a particular constituency (e.g., the military or a special region of the country) generates non-rivalrous goods for its members, but serves as a selective incentive to reward that group over other sectors of the population.

Table 3.1 Types of stable states: strategies of political order as multiple equilibria

<table>
<thead>
<tr>
<th>TYPE of state-supplied goods used to maintain political order</th>
<th>AMOUNT of state-supplied goods necessary to maintain political order</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRIVATE</td>
<td>LOW Rentier autocracies (Gulf monarchies)</td>
</tr>
<tr>
<td></td>
<td>HIGH Hierarchical Market Economies (Mexico, Brazil, China)</td>
</tr>
<tr>
<td>PUBLIC</td>
<td>LOW Liberal Market Economies (US, UK, Australia)</td>
</tr>
<tr>
<td></td>
<td>HIGH Coordinated Market Economies (Scandinavia, Germany, France)</td>
</tr>
</tbody>
</table>

Since private goods can be used as selective incentives to reward supporters and punish detractors, they help rulers generate order through a two-pronged strategy. First, side-payments help rulers garner the support of key societal actors who can discipline parts of the population and even mobilize them against potential adversaries. Second, if members of this coalition of supporters defect, rulers can cut them out of the spoils system and retarget those private goods to cajole the support of other groups. This strategy can successfully operate under authoritarian or democratic institutions, as the extensive literature on vote brokers and clientelism has shown.⁷⁸

Public goods, on the other hand, are non-excludable and non-rivalrous and therefore cannot be used as selective incentives. Public goods can be material—e.g., public infrastructure.

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pools of public revenue, social security systems—or abstract, such as rights of citizenship, impartial contract enforcement, or safety regulations. Once created (if they are indeed created as public goods), everyone in the polity has access to them. Therefore, rulers cannot allocate them selectively to reward supporters and punish adversaries. In this regard, common goods (non-excludable but rivalrous) are much like public goods. For example, public education or social housing involve private gains for those who benefit directly from them, and they can be congested or depleted if demand is too high. However, if education and housing policy are created as a public good, in principle everyone in the polity has access to them, and the actual selection of beneficiaries is based on impartial, non-political and generally agreed-upon criteria.

Since in political systems based on the distribution of public goods rulers cannot selectively allocate them, their ability to remain in power is much more limited than in the case of spoils systems. However, this does not mean that political order collapses every time a ruler is forced to step down. On the contrary, instead of being based on a coalition of supporters capable of disciplining insiders and overawing outsiders of the spoils system, political order is based on two elements. First, rulers need to maintain the generalized support of the population through the supply of valuable public goods. Second, rulers need to provide credible commitments that they will not capture public resources and turn them into excludable goods for their own private benefit. This means that they need to give society the possibility to penalize them, by removing them from office, if they attempt to capture public goods. In other words, a social contract is established where the population is willing to accept the authority of the ruler for the sake of the production of valuable public goods as long as it holds the ability to monitor and sanction any efforts by the ruler to use his position for private benefit. Because political order is based on
popular consensus and mechanisms of political accountability, this type of political systems only flourish under democratic institutions.

The amount of goods refers instead to how much private or public goods a state needs to supply to either attract a large enough coalition of supporters or to obtain enough support from the population to maintain political order. Therefore, the amount does not tell us much about the preferences of societal actors or the strategy of political order in the polity, but rather about the relative bargaining power of societal actors. “Relative bargaining power” refers to the distribution of coercive, economic and political (mobilizational) resources between the state and societal actors. Consequently, changes in this distribution of resources affect the terms of exchange in the interactions between state and society. As Margaret Levi describes it: “When others possess resources that the ruler needs or when they can successfully resist the ruler’s demands, their bargaining power is increased” (1989:12).

The amount of private goods provides information about how much rents must be distributed to maintain order. The number and the relative bargaining power of the key actors that need to be brought inside the spoils system determines the amount of private goods that the ruler needs to provide. If the ruler controls important resources and the population is poorly organized, stability may be bought with a small amount of rents. Conversely, if societal actors hold strategic resources (human, financial, infrastructural) or if large segments of the population can be politically mobilized, rulers will need to distribute more private goods in order to ensure stability and remain in power.

The amount of public goods, on the other hand, refers to how much public goods the state needs to supply to maintain political order by securing the generalized support of the population. Even though the non-excludable nature of public goods means that everyone benefits from them,
some groups will prioritize the supply of certain public goods over others. Therefore, which public goods a state supplies provides information about the relative bargaining power of societal actors in the polity. If more goods are supplied publicly by the state, it indicates that more groups and more sectors of the population have been able to mobilize to demand the goods that they prioritize.

By distinguishing between the type and amount of goods provided by the state, we can then identify some ideal-typical examples of stable states at each end of the spectrum, as suggested in Table 3.1. Rentier autocracies, such as the Gulf monarchies today, are good examples of spoils systems where rulers control key resources and civil society is weak and poorly organized. Order is generated through the distribution of rents to a very limited network of supporters of the regime, particularly the army and tribal leaders (Bellin 2004).

In other cases, many low quality democracies and authoritarian regimes have developed extensive and very sophisticated spoils systems. In these contexts, the strategic allocation of rents and privileges to maintain a large coalition of supporters shapes the logic of political survival and, in the case of democracies, political competition. Hierarchical Market Economies, as described by Ben Ross Schneider (2013), are a good example of political systems where rulers create rents in the form of protected markets, public subsidies and other benefits, that they then offer to strategic economic actors (MNCs, large business-groups, official unions and populist networks) in exchange for their support.

In the bottom row of Table 3.1, we find cases where political order is achieved through different amounts of public goods. Here, the distinction that the Varieties of Capitalism (VoC) framework has made between Liberal Market Economies (LMEs) and Coordinated Market Economies (CMEs) helps us illustrate how the relative bargaining power of different groups in
society determines which goods are expected to be publicly supplied by the state, and which will be left for the market to distribute privately (Hall and Soskice 2001; Iversen and Soskice 2009). In both cases, however, the logic remains the same, since rulers can only supply public goods, whether they are limited to national security, contract enforcement, and secure property rights or they include large pools of public resources and generous welfare services. Attempts to privately benefit a particular constituency are (at least in theory) denounced and punished by societal actors.

This typology clarifies why very different states are often seen as “strong” states if the only criterion under consideration is the ability of rulers to remain in power and preserve political order, even if they fail to achieve most other tasks. States that maintain order through the allocation of private goods will find themselves in a sub-optimal equilibrium, since they will fail to supply other public goods. Going back to our objective of explaining cross-national variation in levels of state capacity: only political systems built as social contracts develop the institutional and political capacity to supply in a sustained and constant way complex public goods.

Finally, there is no reason to assume that an equilibrium that produces order will always emerge. This is not a functionalist theory of state capacity. There are several reasons why an equilibrium point may be elusive or unstable. State actors may misjudge their situation by insisting on supplying the wrong kind of goods for ideological or normative reasons. Alternatively, they may short-change the amount of goods that they should supply to maintain order, miscalculating the size of the minimum coalition of supporters that they required. Similarly, if the demands of societal actors are at odds with one another, where some demand public goods and others demand private goods, they can make political order chronically
unstable. Finally, state actors may simply not have access to enough resources to supply enough goods to the populations they govern, in which case political order will be particularly precarious. 79

3.2.2 Exogenous Shocks and the Relative Bargaining Power of Political Actors

What are then the effects of exogenous shocks on the evolution of these different political systems? In very rare occasions, exogenous factors contribute to derail path-dependent trajectories of political development. As I argue in the next section, the type of goods distributed by the state is shaped by very slow-moving and path-dependent processes of transformation in social relationships and organizational resources. Even if large-scale wars or economic shocks affect the ways in which civil society is organized, those effects will take decades to show. Most of the time, however, exogenous shocks transform the relative bargaining power of political actors, thus modifying the amount of goods necessary to maintain order.

Exogenous shocks affect the relative bargaining power of political actors because they often transform the value of resources controlled by societal groups. For example, war imposes the need to mobilize men to the battlefront. Those actors who can mobilize large numbers of men might offer their help to the war efforts, but only in exchange for some valuable goods supplied by the state. In some cases, autonomous labour movements will accept the burden of conscription in exchange for labour rights and social spending. In other cases, where manpower

79 The long-19th century in France is an example where the preferences and relative bargaining power of state and society actors failed to produce stable equilibria. It took more than a century for the political system to fully restructure, experiencing several breakdowns in the process. In Mexico, the constant depletion of public monies and the destruction of the national economy during the 19th century made any strategy incapable of producing political order. It would only be the commodity boom of the 1870s that would allow for the creation of an effective spoils system between the Diaz dictatorship and other politico-military actors. I address these failures to establish political order in Chapter 5.
is under the control of chieftains or warlords, they will mobilize their networks in exchange for positions in the national government or access to new rents. In both of these cases, the amount of state-supplied goods will increase, but the type of goods will not change.

Therefore, we would expect exogenous shocks to have different effects on the state-building trajectories of states built as spoils systems than on states built as social contracts. In different political systems, societal actors will have different preferences about the type of goods that they will try to obtain from the state. Consequently, changes in their relative bargaining power will require the state to address their demands through different paths of action.

Table 3.2 Expected effects of exogenous shocks on different political systems

<table>
<thead>
<tr>
<th>Type of Political System</th>
<th>Expected effects of exogenous shocks: War</th>
<th>Expected effects of exogenous shocks: Commodity Boom</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political Order as a Spoils System</td>
<td>Cycle of debt and political instability</td>
<td>Expansion of the supply of private goods at the expense of public goods</td>
</tr>
<tr>
<td>Political Order as a Social Contract</td>
<td>Expansion of the supply of public goods</td>
<td>Expansion of the supply of public goods</td>
</tr>
</tbody>
</table>

We expect wars to have negative state-building effects in spoils systems because they make political order extremely vulnerable. Wars increase the relative bargaining power of societal actors while weakening the ability of the state to meet those demands. On the one hand, mobilizing to face military threats requires resources that are often in possession of society: manpower to fight in the battlefront, foodstuffs from the countryside to feed the armies, industries to produce ammunition, vehicles and weapons, and resources to pay for the costs of war. Societal actors that control these resources will not give them away freely, but will try to
obtain as much as they can from the state. On the other hand, the war efforts deviate resources that in peacetime would be used to run the spoils system. In other words, precisely when state actors have the least resources to distribute rents among its supporters, societal actors are in a position to demand more. This is why we often observe spoils systems entering those cycles of debt and instability, such as the ones experienced by Latin American countries in the 19th century and many African countries after 1945 (Centeno 2003; Herbst 2000). In this context of political turmoil, the supply of even the simplest public goods becomes impossible.

Natural resource booms will usually expand the size of spoils systems, that is, they will increase the amount of private goods supplied by the state. This, however, will occur at the expense of the supply of public goods. Depending on whether the valuable resources are in the hands of the state or of societal actors, commodity booms will have negative or no state-building effects in this type of political systems.

If the state controls the valuable commodities, the boom will provide rulers with additional resources that they can, if necessary, use to provide more rents to their supporters or to expand that coalition to bring in additional groups. Since the boom will not affect the relative bargaining power of societal actors, the ruler may be able to keep for himself natural resource windfalls or even use them to provide some public goods. Thad Dunning, for instance, has argued that under these circumstances rulers can provide redistributive programs that facilitate democratization without having to poach on the privileges of elites (2008). However, when bust times come and rulers find themselves back in the need to find resources to feed the spoils system, they are likely to capture those public goods and turn them into rents, generating zero growth in the long-term supply of public goods. This is the story suggested by the scenario of erratic stagnation described in Chapter 2.
Similarly, if societal actors control the valuable resources, rulers will seek to appropriate some of those windfalls to expand the spoils system and strengthen their position. The natural resource boom will entail an increase in the relative bargaining power of those societal actors that control them. As rulers try to gain access to those windfalls, they will offer in exchange political privileges, creating in the long run the patrimonial network of deeply entrenched vested interests that classical NRC theories have described (Karl 1997; Chaudhry 1997). Again, during booming times, the size of the spoils system grows. However, when the period of prosperity ends, the state finds itself trapped in a network of particularistic interests.

Conversely, in political systems built as social contracts, both war and natural resource booms will tend to have positive state-building effects, expanding the amount of public goods supplied by the state. Wars will tend to increase the relative bargaining power of societal actors that control many of the resources necessary to face the external threats. Rulers will try to tap on those resources in order to mobilize for war. As in the case of spoils systems, societal actors will not give out their resources for free. Since the system prevents them from demanding rents, these actors will demand in exchange for their collaboration those public goods that best serve their interests: from political rights to have a say on the use of public revenues (North and Weingast 1989), to political rights and welfare services demanded by those who fought in the frontlines (Skocpol 1992; Scheve and Stasavage 2010). It is only in this type of political systems that war will have the effects predicted by Bellicist theories.

Finally, natural resource booms will tend to have positive or zero state-building effects in political systems built as social contracts, depending on whether the valuable natural resources are in the possession of the state or societal actors. If the state controls those resources, the relative bargaining power of societal actors will remain untouched. However, since rulers in this
type of political systems cannot keep those rents for themselves nor distribute them in the form of private goods to their immediate supporters, they will use them to create new public goods, either in the form of a large common pool of resources (a national fund, as in the Norwegian case), or investing them in the expansion of other public goods (e.g., public infrastructure, redistribution, industrialization, etc.). This is the scenario described by those who have argued about the presence of a resource curse blessing (Haber and Menaldo 2011).

If natural resources are under the control of societal actors, rulers will need to evaluate whether attempting to tap on those windfalls through taxation in order to expand the supply of public goods will put the stability of the system at risk, especially if individuals are enjoying the benefits of the booming economy in the form of private wealth resulting from economic growth. In these situations, natural resource booms will have very little effects on the expansion or contraction of public goods (as in the Canadian case today).

By recognizing how states solve the problem of political order through different strategies, we can then explain in a parsimonious way why exogenous factors push for the expansion of state-supplied public goods in some cases, while, in others, exogenous shocks not only fail to have those positive effects but actively erode public goods by making them more vulnerable to capture and predation by private interests. What determines whether a state will evolve around a spoils system or as a social contract? I turn to that question in the next section.

3.3 Explaining Strategies of Political Order: The Organizational Structure of Civil Society

The framework described in the previous section argues that rulers must be able to provide the right type and amount of goods to societal actors to maintain political order and
remain in power. These multiple equilibria are determined by the following assumptions about the preferences of individuals and rulers.

In general, individuals prefer to concentrate their political efforts to obtain private goods from the state. Since public goods are by definition non-excludable, individuals will enjoy them regardless of whether they participated in the mobilizations to demand them or not. Therefore, individuals will only mobilize to demand public goods if two conditions are met: (1) they cannot secure exclusive access to private goods, and (2) their private gains from a public good are larger than the private costs that they would need to pay for its production.

State actors, on the other hand, prefer to supply those goods that most cost-efficiently help them remain in power and maintain order. Whether these are private or public depends on the preferences and relative bargaining power of societal actors. The rivalrous and excludable nature of private goods implies that paying-off each additional individual takes additional resources from the state, which ultimately makes the costs of maintaining order prohibitive. Conversely, the production of public goods imposes the same costs on rulers regardless of the size of the coalition of supporters. Therefore, private goods will tend to be most cost-efficient for rulers only if distribution of a limited amount is enough to secure power; after a certain point public goods become more cost-efficient.

In this section I explain in detail how the organizational structure that societal actors adopt shapes their preferences about which goods to demand, as well as the rulers’ calculations about which is the most cost-efficient strategy to seek popular support. In this way, the organizational structure of civil society determines whether political order will be established through a spoils system or through a social contract.
3.3.1 Organizational Forms: Personalistic and Impersonal

How political order is achieved depends on how the prior coordination problem of creating political organizations is solved. Building on North, Wallis and Weingast’s framework of social orders (2009), I argue that the strategy of political order that emerges in a state depends on the organizational structure of civil society, that is, on the kind of organizations that individuals use to place collective demands on the state. Societal organizations may be either personalistic or impersonal, depending on how they solve their internal collective action problems.

3.3.1.1 Personalistic organizations:

On the one hand, personalistic organizations rely on intimate relationships based on family, kin, communal or traditional ties to sanction defections, betrayals, free-riding, and other non-cooperative forms of conduct. In their classical work on patron-client relationships, S. N. Eisenstadt and Luis Roniger (1984) identified several characteristics that define interpersonal relations in this type of organizations:

(a) Patron-client relations are usually particularistic and diffuse.

(b) The interaction on which these relations are based is characterized by the simultaneous exchange of different types of resources—above all, instrumental and economic as well as political ones (support, loyalty, votes, protection) on the one hand, and promises of reciprocity, solidarity and loyalty on the other.

(c) None of these resources can be exchanged separately, but only in some
combination which includes each type.

(d) Ideally, a strong element of unconditionality and of long-range credit is built into these relations.

(e) [A] strong element of interpersonal obligation that is prevalent in these relations—an element often couched in terms of personal loyalty or reciprocity and attachment between patrons and clients—even if these relations are often very ambivalent.

(f) At the same time, relations established between patrons and clients are not fully legal or contractual; [...] they are based much more on ‘informal’—although very strongly binding—understandings.

(g) Despite their seemingly binding, long-range, almost (in their ideal portrayal) life-long, endurance, patron-client relations are entered into, at least in principle, voluntarily, and can, officially at least, be abandoned voluntarily.

(h) These relations are undertaken between individuals or networks of individuals in a vertical fashion (the simplest manifestation of which is a strong dyadic one) rather than between organised corporate groups; and they seem to undermine the horizontal group organisation and solidarity of clients and patrons alike—but especially of the clients.

(i) [P]atron-client relations are based on a very strong element of inequality and of differences in power between patrons and clients. [...] the most crucial element of this inequality is the monopolisation, by the patrons, of certain positions which are of crucial importance for the clients—above all, as we shall see in greater detail later, of the access to the means of production, major
markets and centres of the society (Eisenstadt and Roniger 1984:48-49).

Therefore, personalistic organizations are characterized by three general features coming from how they solve their coordination challenges: (1) personal ties of trust, loyalty and reciprocity between their members; (2) restrictive membership; and (3) a hierarchical patron-client structure where the organization does not survive the demise of its leadership.

Personal relationships of trust allow leaders to monitor and sanction the behaviour of their followers, especially to prevent free-riding, while also generating assurances for their supporters that they will be rewarded for their participation. In both cases, they generate the sense of interpersonal obligation that Eisenstadt and Roniger describe. These forms of trust may often sustain “exploitative and paternalistic relations” (Warren 2001:2), but they serve a role generating credible commitments between organizational leaders, followers, and state actors.

In personalistic organizations, the leaders play a key role as intermediaries between the state and large segments of the population. This position grants organizational leaders a very valuable form of political capital since they can trade their ability to mobilize the support of large numbers of people in exchange for goods and benefits from the state. The ability to mobilize people, in turn, results from their privileged position as the only point of access to state resources for a large number of individuals. This brokerage position results from, again, the personal relationships that the leadership can establish with the state. Once this brokerage is severed, the organization ceases to exist. This is the reason why the organization is built around patron-client relations between leaders and supporters. The existence of the organization depends on the success of its leadership to serve as a broker between the state and its followers. If the leader dies or falls out of grace from state actors, the organization dissolves.
The leaders of personalistic organizations must balance, on the one hand, the need to have a large enough group of supporters to have leverage over state actors, and, on the other hand, to be able to distribute (or at least promise) enough rents to each of their followers to maintain their loyalty. This means that they must be able to restrict access to new members at will, so that they can strike that balance in a changing environment.

These three organizational features generate incentives for societal actors to request private goods from the state, in the form of economic monopolies and rents, pork barrel, fiscal privileges, and judicial exemptions. In order to be able to mobilize supporters, leaders of personalistic organizations need to offer them access to state-supplied goods that they would otherwise not enjoy, which means that demanding public goods—that are by definition non-excludable—would undermine their own power. Instead, by selectively distributing private goods obtained from the state, organizational leaders can ensure that their supporters remain loyal to them, and can sanction defectors by leaving them out of the spoils system. Personalistic organizations thus solve the challenges of collective action through a combination of thick personal trust that makes members internalize the costs of free-riding and the allocation of selective incentives (Keefer 2013:4). As a result, these organizations interact with the state as subordinate actors that participate in a spoils system of distribution of private goods in exchange for political support.

3.3.1.2 Impersonal organizations:

On the other hand, impersonal organizations are characterized by three general features that result from their strategies to solve coordination challenges: (1) they are built upon impersonal relationships; (2) they are open for potentially any member of society; and (3) they
develop institutionalized mechanisms of leadership selection and accountability.\textsuperscript{80}

As I argue in the next section, impersonal organizations are the result of large numbers of strangers organizing outside of the reach of personalistic relationships. Moreover, once created, impersonal organizations have very little reasons to restrict membership. The solution to their coordination challenges does not depend on members personally knowing one another but rather on institutionalized procedures that once in place are equally effective regardless of the number of members. Their strength—their relative bargaining power—ultimately comes from their ability to mobilize large numbers of people.

This open-access feature of impersonal organizations means that they cannot solve their coordination challenges by relying on the social norms and credible commitments of personalistic ties of trust, loyalty and allegiance. Instead of relying on personal relationships of trust and the allocation of selective incentives, impersonal organizations solve their coordination challenges by (1) fostering social norms through deliberative practices for agenda-setting and decision-making, and (2) a scaffolding of institutionalized mechanisms to select and remove leaders if they try to secure private benefits at the expense of the organization’s collective interests (Keefer 2013:5-6).

First, in the absence of intimate relationships and selective incentives, impersonal organizations need to rely on communicative practices for collective will-formation. These organizations develop around the identification of shared interests that, in the terminology of Jürgen Habermas, need to be “thematized” and publicly discussed to serve as motivation for collective action (1984:18). Therefore, coordination in impersonal organizations depends on the

\textsuperscript{80}These three features refer to North et al.’s notions of impersonality, open-access, and “perpetually-lived” organizations (2009).
presence of enabling conditions that make these communicative practices possible. Insulation from personalistic connections is the first of these necessary conditions, but is not sufficient. Members need to have the physical and social spaces to interact with one another in ways that foster communication. As E. P. Thompson famously wrote, “the working class did not rise like the sun at an appointed time. It was present at its own making” (Thompson 1963:1). Impersonal organizations are not the result of structural determinisms—whether attributed to modernization or class conflict—but result when “some men, as a result of common experiences (inherited or shared), feel and articulate the identity of their interests as between themselves, and as against other men whose interests are different from (and usually opposed to) theirs” (Thompson 1963:2). These interests, however, can only be framed in impersonal terms, and cannot be reduced to the private interests of any individual.

Consequently, in order for communicative forms of coordination to work, they need to occur under an institutional framework that prevents particularistic interests from capturing the organization. In recent work, Philip Keefer (2013) has conceptualized the coordination problems that societal organizations face as being akin to the collective action problems of managing common resources. Building on Elinor Ostrom’s work (1990), he has argued that such dilemmas can be solved by a double strategy where members give their leaders the ability to enforce rules to limit free-riding, but also give members the ability to remove and replace leaders who fail to act on behalf of the collective interests of the organization (2013:6). Impersonal organizations can only solve their coordination challenges if they can provide credible commitments for members that the leadership will not use their involvement to pursue private gains. These internal mechanisms of leadership selection and accountability presuppose the possibility of a frequent turnover of organizational leaders.
These organizational features of impersonal organizations make them less likely to demand private goods. An impersonal organization that does not restrict entry to new members and is successful at obtaining private goods will rapidly attract new members, thus reducing the individual gains of each one until they asymptotically approach zero. Similarly, if the leadership of an organization is subject to recall by its members, organizational leaders can no longer secure their own privileged access to state-supplied rents, making the demand of public goods a more attractive strategy to secure their position as representatives of the collective interests of the organization.

These features also change the nature of their interaction with the state. Instead of adopting a subordinate role as recipients of private goods, impersonal organizations become monitoring mechanisms to prevent and punish the use of public resources for side payments to other societal actors.

### 3.3.2 Organizational Structure, State-Society Relations and Political Order

These two types of organizations are mutually hostile. First, personalistic organizations must be limited in number for the spoils system to work or the costs of buying political support become unaffordable for state actors. If impersonal organizations begin to emerge, they attract portions of the population who have been hitherto excluded from the political arena. As the numbers of impersonal organizations grow, rulers can no longer rely on the distribution of private goods to maintain order and will prefer to allocate limited resources to satisfy the demands for public goods, weakening in the process the relative bargaining power of preexisting personalistic groups. Second, impersonal organizations not only have a preference for state-supplied public goods, they also have strong reasons to oppose the delivery of private goods to
other organizations since this limits their influence on state actors (i.e., weakens their relative bargaining power) and reduces the pool of resources for the production of public goods. Therefore, for an equilibrium to be reached, one of these organizational logics must predominate over the other. We can then relate these alternative organizational landscapes with the two kinds of political systems, where the predominance of personalistic or impersonal organizations determine whether political order will be achieved through the supply of private or public goods, respectively.  

In the first kind of political system, the rulers provide a limited amount of private goods to key organizational leaders that can discipline their followers and mobilize enough support to overawe potential rivals. Societal organizations thus become clients in a spoils system of rents and privileges, and their interaction with state actors is one of subordination. The private interests of political elites, intermediaries, and societal actors are intricately embedded in the structure and operation of state institutions. Bureaucracies are seen as a source of political patronage and are colonized by clientelistic cliques; rulers create monopolies and protected markets to obtain the support of powerful economic groups; religious and communal organizations negotiate privileges in exchange for disciplining their followers.

In this kind of system, societal demand of public goods is timid and the resources to supply them are scarce, since most resources are destined to the allocation of private goods. Moreover, the logic of this organizational system entails that even if a public good is provided it will be very vulnerable to be privatized and depleted by rent-creating rulers and rent-seeking supporters.

81 Or, in North et al.’s terminology, “limited” and “open access orders” (2009).
Rulers and organizational leaders have, under these conditions, strong incentives to limit the emergence of new organizations. For organizational leaders, competition with new organizations generates a decrease in their relative bargaining power and a reduction in the private goods that they can obtain from the state. For rulers, the emergence of a new organization might help them increase their leverage over other groups, since competition brings down the price of buying their support. As long as the size of the coalition of supporters that they need to secure does not change, rulers can benefit from the competition between societal actors to gain access to the spoils system. However, if the emergence of new organizations means that rulers need to buy the support of a larger portion of the population, it can make the distribution of private goods too costly and bring down the political system.82

In the second kind of political system, stability is obtained not through rent-creation but through rent-erosion (North, Wallis, and Weingast 2009:142). Impersonal organizations entail a constant rotation—or at least the permanent possibility of such rotation—of members and leadership as well as the permanent possibility of accepting new members. As a result, demanding private goods turns out to be counterproductive. First, the internal structure of the organization makes it impossible for any particular member to have privileged access to those goods once they have been provided. Second, as an open-access organization becomes effective in obtaining private goods from the state, more people will join its ranks. As private goods are divided among a growing number of members, the individual gains for each one of them will increasingly approach zero. Therefore, impersonal organizations will have strong incentives to

82 In Chapter 5 I show how the political instability in 19th Century Mexico can be explained through this logic. In Mexico, the number and relative bargaining power of personalistic organizations during the 19th century demanded more private goods than the Mexican state was able to provide.
demand public goods from the state, since they offer the assurance to all members that they will enjoy the rewards of participating in the organization regardless of changes in its numbers or its leadership.

The proliferation of impersonal organizations thus develops a different kind of political system by triggering three systemic dynamics. First, impersonal organizations transform the incentives for state actors to supply public instead of private goods. As mentioned before, state actors choose the most cost-efficient strategy to maintain political order. The non-excludable and non-rivalrous nature of public goods means that the costs of producing them are fixed regardless of the number of beneficiaries that have access to them. On the contrary, the excludable and rivalrous features of private goods imply that production costs increase with the number of beneficiaries. Therefore, if the coalition of supporters that needs to be targeted is relatively small, we expect private goods to be the most cost-efficient strategy to maintain order. However, as the number of supporters that must be brought into the spoils system grows, the fixed costs of public goods will make them a more cost-efficient alternative. Impersonal organizations, by not imposing membership restrictions and opening access to potentially anyone, mobilize large portions of the population. In doing so, they expand the size of the coalition of supporters that rulers need to target, to the point that it becomes much more efficient for rulers to invest in public goods rather than to run a prohibitively expensive spoils system. In other words, the proliferation of impersonal organizations makes the incentives of state and societal actors align around a common preference for the demand and supply of public goods.

Second, by transforming state-society relations, impersonal organizations help to solve the larger coordination problems associated with the supply and preservation of public goods. Even if everyone in society agrees on the desirability of producing certain public goods, the
temptation to free-ride or to capture these goods for private gains will remain strong. This is the problem of systemic corruption that Anna Persson, Bo Rothstein and Jan Teorell (2013) describe as a collective action problem. For public goods to be produced and preserved, societal actors must have credible commitments from the rulers and from the other societal actors that they will not privatize those public goods for their own interest. Impersonal organizations generate these credible commitments by transforming the way they interact with the state. If rulers can create rents and distribute them to supporters, impersonal organizations see their relative bargaining power decrease and are less likely to obtain the public goods that they demand. Therefore, these organizations monitor and punish rulers by withdrawing their support if state actors attempt to provide private goods to other organizations. Instead of adopting a subordinate position as passive recipients of goods in a hierarchical spoils system, impersonal organizations generate a system of horizontal monitoring—i.e., societal accountability—where they oversee each other’s engagements with state actors.

Third, impersonal organizations create the conditions for the state to become an autonomous entity. The question of state autonomy has been a recurrent concern in the literature on political development (Evans, Rueschemeyer, and Skocpol 1985; Evans 1995). State autonomy, however, is not a defining feature of the state but rather an emergent property that results from how only certain types of states succeed in maintaining political order. In political systems built as social contracts, the system of horizontal monitoring that impersonal organizations develop differentiates political authority from other forms of social influence and from private interests: big business, clienteles, religious groups, etc. This means that public offices can no longer be distributed as a form of political patronage, and a professional bureaucracy with a clear mandate to further the general interest begins to appear. Economic
policy and the transfer of resources through taxation cannot be used to further the private interests of a particular sector, but need to be justified in terms of the public goods that they will generate, from industrializing the national economy to expanding the domestic market. Similarly, in this type of political systems, rulers cannot use their position to favour the interests of any particular group in society, whether it is defined by religious, ethno-racial or other identity markers. Therefore, principles of universal citizenship and legal equality are established to further delineate the boundaries between public and private affairs. In sum, state autonomy is always “embedded” (Evans 1995). It does not result from the state imposing itself on civil society, but from the ways in which the horizontal monitoring between societal actors differentiates the state as an organization in charge of the supply of certain public goods, autonomous from the private interests of any member of society including the rulers themselves.

In sum, impersonal organizations engender an entirely different logic to produce political order. They bring about this transformation of the political system by changing: (a) the incentives for societal actors to demand state-supplied public goods (and not private ones); (b) the incentives for state actors to seek support through the provision of public goods (instead of private ones); (c) the patterned interactions to solve the collective action problems that characterize the supply of public goods (i.e., their ability to act as monitoring mechanisms to impede the privatization of political authority by specific actors); and, gradually, (d) the legal and political institutions to formalize this pattern of state-society relations (i.e., professional bureaucracies, separation of powers, independent auditing agencies, etc.).

At the systemic level, the proliferation of impersonal organizations changed the nature of state-society relations, enhancing the willingness and ability of the state to solve the problem of political order by investing on the production and protection of public goods. The shift from a
spoils system to a social contract thus entails the gradual development of the necessary institutional and political capabilities to supply increasingly complex public goods or, in other words, the long-term development of state capacity.

Tables 3.3 and 3.4 offer a schematic representation of the argument in both kinds of political systems and the observable implications that we would expect to encounter if the theory is empirically valid.
Table 3.3 Systemic dynamics of political order and private goods

<table>
<thead>
<tr>
<th>(1) Intra-Organizational level: Structure of societal organizations</th>
<th>Causal mechanisms of aggregation:</th>
<th>Observable implications at each level of the political system:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Organizational opportunities remain foreclosed</td>
<td>• Personalistic relationships</td>
</tr>
<tr>
<td></td>
<td>• Demand for private goods (rents)</td>
<td>• Restrictive membership</td>
</tr>
<tr>
<td></td>
<td>• Demand for exemptions in the implementation of public policy</td>
<td>• Patron-client structure of authority</td>
</tr>
<tr>
<td></td>
<td>• Patrimonial subordination to state actors</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>(2) Inter-Organizational level: State-society relations</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Spoils system in exchange for captive political capital: political elites hold monopoly on societal organization</td>
</tr>
<tr>
<td></td>
<td></td>
<td>State capture: political authority is entangled with other forms of social influence, e.g., private economic interests, clientelistic networks, and other organizations (Church, military)</td>
</tr>
<tr>
<td>SPOILS SYSTEM</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| (3) Emergent property: Spoils system | SPOILS SYSTEM leads to the privatization of pockets of political authority. | |

| (4) Systemic outcome: State capacity | Depletion of public goods through policy and bureaucratic volatility and corruption (transformation of public goods into private goods) | • Erratic growth in the supply of simple public goods (public works and services) |
| | | • Stagnation in more politically complex public goods (taxation, law and order) |
Table 3.4 Systemic dynamics of political order and public goods

<table>
<thead>
<tr>
<th>Causal mechanisms of aggregation:</th>
<th>Observable implications at each level of the political system:</th>
</tr>
</thead>
</table>
| Intra-organizational level: Structure of societal organizations | - Impersonal ties  
- Open access  
- Accountable leadership |
| - Demand for public goods  
- Negotiations about rights and influence on policy-making  
- Monitoring functions instead of patrimonial subordination | Societal accountability: organizational autonomy instead of state-sanctioning |
| Emergent property: Social contract | Societal accountability prevents the privatization of politics.  
Differentiation of political authority from other forms of social influence (state autonomy):  
(a) private economic interests (regulation of money and politics);  
(b) clientelistic networks (institutionalization of civil service);  
(c) other organizations (separation of Church and state; civilian control over the military) |
| Systemic outcome: State capacity | - Positive-sum coordination through political competition and oversight  
- Protection against the depletion of public goods | Sustained expansion of state-supplied public goods |
Once one of these strategies to secure political order is established, a shift to the other strategy becomes increasingly unlikely. As previously explained, the organizational strategies of societal actors and the strategies that rulers pursue to maintain order are based on strong institutional complementarities. Self-reinforcing mechanisms strongly penalize actors, whether they are rulers, organizational leaders or members of organizations, that deviate from the established political system. We can identify these feedback loops and how they make transitions “incentive incompatible” in each one of those actors.

Individuals face the challenges of coordinating collective action to make demands to state actors. Historically, the solution to these collective action challenges for political mobilization has come from the very intimate social relationships of community life, where free-riding is prevented through the internalization of moral commitments between community members. As a result, the costs of breaking those social relationships for any individual are extremely high, from being excluded from the spoils system and political life to outright social death. On the other hand, the benefits are meagre and unlikely; the probability of succeeding at coordinating collective action autonomously from those intimate ties of loyalty and trust is very low, and the potential rewards of doing so are not entirely clear since there is no reason to assume that rulers will be responsive to those groups. Therefore, individuals that are already members of a personalistic organization will be better off remaining in it or shifting to another personalistic organization than attempting to autonomously create an impersonal one.

On the other hand, impersonal organizations are cognizant of the temptations that members have to defect and use their personal connections to capture private goods. As a result, impersonal organizations are built upon intra- and inter-organizational institutional networks designed to ensure monitoring and accountability between members, organizational leaders, and
rulers. Since the expulsion from an impersonal organization is not as costly for individuals—by definition, they will still enjoy any public goods obtained by that organization—, attempts to capture private benefits entail additional penalties: fines, legal charges, etc.

Organizational leaders face strong disincentives to change their mobilizational strategies and interactions with state actors. Organizational leaders’ power, in both types of political systems, depends on their ability to provide credible commitments to rulers that they can discipline and garner the support of large numbers of people, as well as credible commitments to their followers that they can extract the goods that they demand from the state. Organizational leaders that pursue the wrong kind of goods from the state will face either the collapse of the organization (in personalistic cases) or their removal from the leadership (in impersonal cases).

In a spoils system, organizational leaders that succeed are those who can promise their followers privileged access to state resources and can provide credible commitments that they will share those resources with them. If a personalistic leader chooses to demand from the state public goods, she will lose her ability to distribute selective incentives, thus losing her ability to mobilize supporters and, consequently, her relative bargaining power vis-à-vis state actors. Therefore, personalistic organizations are very unlikely to transform their internal structure without risking the dissolution of the organization.

Similarly, the institutional design of a political system built as a social contract penalizes organizational leaders that seek private benefits from the state. The logic of competition, accountability and rent-erosion tries to actively counteract incentives for rent-seeking. Since the threat of removal from the leadership position is not always enough to counter the temptation to capture private gains, impersonal organizations again impose additional penalties by pushing to establish rent-seeking as a criminal offence in this context (corruption charges).
Finally, from the rulers’ perspective, the risk of bringing about the collapse of political order and their own political survival provides strong incentives to perpetuate the existing political system. In political systems dominated by personalistic organizations, the political payoffs of producing public goods are very small, since they do not address the demands of those mobilized groups whose support is vital for the survival of the ruler. In these contexts, rulers may choose to supply public goods for ideological reasons only if they have enough resources to fund the spoils system. On the other hand, in political systems dominated by impersonal organizations, rulers will lose the support of the population if they are caught transforming public resources into private goods for certain groups. Impersonal organizations develop a monitoring role precisely to be able to notice and sanction attempts to divest public resources for private gains.

Even though both types of systems tend to follow path-dependent trajectories, there is an asymmetry in the strength of the self-reinforcing mechanisms that perpetuate each one of them. This asymmetry results from three factors. In the first place, the assumption that actors will prefer private over public goods as long as they can secure exclusive access to them means that the demand for public goods will be conditional on a series of factors that ensure a constant rotation of people with direct access to public resources. These factors, usually democratic institutions, need to operate successfully at every level—within societal organizations, between organizations, and between organizations and the state—to prevent the demand for public goods from backsliding into rent-seeking behaviour.

Second, solving the coordination challenges associated with popular mobilization is—analytically, if not chronologically—the first collective action situation that needs to be solved for one of these political systems to reach a point of equilibrium. We can expect individuals to
use their existing social relationships to solve those coordination challenges, building on the ties of trust and loyalty that result from intimate community connections. Therefore, only under very exceptional circumstances will individuals circumvent those personalistic relationships to build impersonal organizations with strangers. The coordination challenges are much bigger in the absence of thick interpersonal trust. Impersonal organizations are unlikely to flourish in most circumstances.

Third, social contracts are built upon several layers of institutional complementarities that need to successfully solve three different collective action situations: (1) coordinating popular mobilization; (2) preserving political order; and (3) producing and protecting public goods. Conversely, successful spoils systems only need to solve two collective action situations to survive: (1) fostering popular mobilization and (2) preserving political order. The production and preservation of public goods entail additional coordination challenges that spoils systems do not face. In a variation of the classical tragedy of the commons, the threat of losing a public good is often not enough to deter individuals from jeopardizing its production in order to obtain private benefits. Even in a political system built as a social contract, if an actor has the opportunity to capture rents, she will be likely to take it. This is why, in order to survive, social contracts require additional incentives beyond the risk of losing public goods to prevent rent-seeking (e.g., penal action against corruption charges). The private returns of spoils systems, on the other hand, are high enough to work as self-reinforcing mechanisms on their own. The threat of losing access to the spoils-system is enough to deter individuals from stepping outside the political logic of the system.

Therefore, states built as social contracts are much more likely to face institutional corruption than spoils systems are likely to transition into a social contract. Given these strong
lock-in mechanisms that perpetuate the path-dependent trajectories of spoils systems, what explains the emergence of social contracts? As North, Wallis and Weingast argue in their framework of social orders, any answer to this question needs to be incentive compatible with the logic of spoils systems and yet break with the increasing returns that come from perpetuating them. I turn to this question in the next section.

3.4 Explaining the Transition from Spoils Systems to Social Contracts: The Transformation of Social Relationships

We can identify two alternative explanations for the emergence of social contracts out of spoils systems: the top-down theory of neo-institutionalists (D. North, Wallis, and Weingast 2009; Acemoglu and Robinson 2013) and the bottom-up arguments of historical sociology (Thompson 2002; Moore 1966; Skocpol 1979; Rueschemeyer, Stephens, and Stephens 1992).

Neo-institutionalists argue that the transition from one type of political system to the other was the result of long-term changes in the interactions between elites that occurred between the 17th and 19th centuries, mostly as a result of capitalism and the expansion of trade. For Acemoglu and Robinson, the key transformation was brought about by representative institutions (i.e., parliaments) that gave elites—particularly the landed upper classes—the ability to enforce the rule of law in their interactions with the monarch (2013). For North, Wallis and Weingast, the emergence of representative institutions was part of a larger process of transformation in the economic and political organizations created by elites (2009). In particular, they emphasized the development of impersonal relationships between members of elite organizations and in the interaction between those organizations and the state. The main driver for these transformations is going to be capitalism, especially the need to protect property rights in order to be able to
engage in riskier but more profitable forms of trade across long distances and over long periods of time. Impersonal political and economic organizations helped to protect property rights, facilitating the expansion of financial markets and scale economies. These transformations were built upon three “doorstep conditions” for the transition to social contracts: (1) the development of “perpetually-lived” organizations whose survival was no longer bound to a particular individual; (2) rule of law for the elites, which entailed the protection of the legal rights of elites; and (3) political control over the military, which meant that the coercive apparatus of the state could not be used by one elite faction to override the rights of other elites (North, Wallis and Weingast 2009:25, 148-187).

In both of these neo-institutionalist accounts, the transition began with the consolidation of legal and political rights for elites, which rested on proto-democratic forms of economic and political competition that prevented any actor from overstepping the rights of other elite members. Once their rights were secured, competitive pressures generated incentives for elites to gradually expand the same legal and political rights to non-elites, allowing them to create impersonal organizations and gain political representation.

The changes in elite interactions that institutional economists have pointed out certainly took place in the Western world before the 19th century. However, those transformations did not bring about the transition from spoils systems to social contracts. They were necessary conditions for the institutionalization of the social contract once the organizational landscape of society had been fully transformed, but they were far from sufficient to bring it about. An alternative explanation of the transition can be found in the classical works of historical sociology that have focused on the social origins of modern state institutions (Thompson 1963; Moore 1966; Skocpol 1979; Rueschemeyer, Stephens and Stephens 1992). Building on this
tradition, I claim that the transition was only made possible by transformations in the social relationships between members of the popular classes and the organizational opportunities that they opened. These changes occurred outside the control of elites and independently of the transformations in elite interactions.

Since the increasing returns of spoils systems are very high, only those segments of the population that are not organized around personalistic organizations—and thus have no access to the spoils system—can pursue alternative organizational strategies. We will find such groups among the “losers” of capitalist modernization. As Barrington Moore argued, the commercialization of agriculture broke down the social structure of traditional rural societies (1966). The consequences of this capitalist transformation of the countryside were not merely about a distributive conflict produced by enclosures and landholding inequality, as institutionalist scholars of European democratization have recently suggested (Boix and Stokes 2003; Acemoglu and Robinson 2005; B. W. Ansell and Samuels 2014). In Moore’s account, as well as in the massive literature on peasant studies, the key insight is that the commercialization of agriculture eroded the moral economy of rural societies and destroyed the personalistic relationships that gave local elites the ability to mobilize the peasantry (Paige 1978; Wolf 1969; Popkin 1979; Boone 2003; Boone 2014; Scott 1984; Scott 2009). It will be from those landless peasants, agricultural journeymen, and the growing numbers of poor urban dwellers—petty artisans, craftsmen, and the incipient working class—that impersonal organizations will begin to form outside of the political control of the elites.

83 Daniel Ziblatt recently highlighted this interpretation of Moore’s work (Ziblatt 2013).
These organizational openings were a necessary condition for impersonal relationships to emerge amongst the popular classes, but were still insufficient to bring about the transformation of the entire political system. The popular classes, now unhinged from the control of personalistic organizations, still had to overcome the massive collective action problems associated with autonomous political mobilization. 19th century political struggles in Western Europe would largely be the result of repeated efforts, often unsuccessful, to solve these coordination challenges. By the turn of the 20th century, however, autonomous, class-based, mass-mobilizing organizations transformed the interactions between societal and state actors. These groups became the strongest opponents to the distribution of private goods by the state and pushed for the expansion of public goods that led to the emergence of the “social state”. In sum, the transformation of the state into a supplier of public goods was not an elite-driven process but a contentious struggle driven by popular mobilization.

Indeed, as in the neo-institutionalist accounts, this reading of Moore’s argument claims that the expansion of capitalism is to be blamed for the emergence of impersonal relationships. However, rather than focusing on the impersonal relationships that resulted from attempts to protect property rights, I focus on the ways in which capitalism eroded the political power of local elites and removed the possibility for the masses to gain access to state resources through personalistic connections. This distinction of the effects of capitalist modernization on the elites and on the popular classes is crucial to understand why societies where the commercialization of agriculture arrived late in world-history developed capitalist economies where the property rights of elites are protected while the state continues to operate as a spoils system.

As David and Ruth Berins Collier (1991) and Marcus Kurtz (2013) have shown, differences in working class incorporation mattered not only for regime outcomes but also for
long-term trajectories of state formation. Where coercive labour survived into the period of popular incorporation, the social structure of rural communities remained untouched and the working classes would be mobilized through personalistic organizations. As a result, the construction of the social state in these cases is going to entail an expansion of the spoils system as the coalition of supporters needs to be enlarged, but it will not represent a transition into a social contract. The state will thus not be able to solve the collective action problems associated with the production and, especially, the preservation of public goods.

3.5 Conclusion

In this chapter, I have presented a new theory of state capacity that synthesizes the insights of several different strands in the literature on political development. In particular, this theory offers a parsimonious answer to why exogenous shocks such as war and natural resource booms have contradictory effects across time and across cases.

Table 3.5 presents the full causal logic of the Organizational Theory of Political Development. In a nutshell, the theory argues that in order to explain long-term differences in state capacity to supply public goods, we need to look at the distribution of organizational resources in society. Where organizational resources are controlled by elites, the popular classes are likely to be mobilized around personalistic organizations, to demand private goods and to create the incentives for rulers to maintain political order by running a spoils system. In this type of political systems, exogenous shocks that empower societal actors will make them extract more private goods from the state at the expense of the supply of public goods.
Table 3.5 Causal logic of the Organizational Theory of Political Development

<table>
<thead>
<tr>
<th>Organizational Resources</th>
<th>Incorporation of popular classes</th>
<th>Strategy of political order</th>
<th>Type of Political System</th>
<th>Expected effects of exogenous shocks</th>
</tr>
</thead>
<tbody>
<tr>
<td>Local elites maintain control over organizational resources</td>
<td>Popular classes are politically mobilized through personalistic organizations</td>
<td>Societal actors demand private goods from the state</td>
<td>Political Order as a Spoils System</td>
<td>Expansion of the supply of private goods at the expense of public goods</td>
</tr>
<tr>
<td>Openings in organizational resources</td>
<td>Popular classes form nationwide, impersonal organizations of interest representation</td>
<td>Societal actors demand public goods from the state</td>
<td>Political Order as a Social Contract</td>
<td>Expansion of the supply of public goods</td>
</tr>
</tbody>
</table>

Conversely, where organizational resources are available for the popular classes to mobilize away from the control of elites, they will form impersonal organizations that will tend to demand public goods from the state. In these cases, political order will be built as a social contract where state actors supply public goods in exchange for the support of the population, while impersonal organizations serve as monitoring mechanisms to prevent the capture and privatization of public resources. In this type of political systems, exogenous shocks that strengthen the relative bargaining power of societal actors will lead them to extract more public goods from the state, building in the process heightened capabilities to overcome institutional and political challenges.

Table 3.6 schematically summarizes the trajectories of state capacity in modern France and Mexico. It shows how exogenous factors produced changes in the amount of goods supplied
in each case, and that the shift from a spoils system to a social contract in France was only possible after a long period of organizational and institutional restructuring. In Mexico, the post-revolutionary regime had to distribute more private goods to a larger coalition of supporters than the Porfiriato, but the logic of the political system remained the same.

Table 3.6 Trajectories of state capacity in France and Mexico

<table>
<thead>
<tr>
<th>Type of state-supplied goods used to maintain political order</th>
<th>Amount of state-supplied goods necessary to maintain political order</th>
</tr>
</thead>
<tbody>
<tr>
<td>PRIVATE</td>
<td>LOW → 1910 Revolution → HIGH</td>
</tr>
<tr>
<td></td>
<td>Mexico (1824-1910) → Mexico (post-1928)</td>
</tr>
<tr>
<td></td>
<td>France (Ancien Régime)</td>
</tr>
<tr>
<td>PUBLIC</td>
<td>LOW → Revolutions of 1789-1871 → HIGH</td>
</tr>
<tr>
<td></td>
<td>France (1870-1914) → France (post 1945)</td>
</tr>
</tbody>
</table>

In the second half of this dissertation, I present empirical evidence from the French and Mexican cases supporting each step in the causal logic of the argument. Chapter 4 deals with the transformation of social relationships in France and Mexico as a result of the commercialization of agriculture, and how this shaped the patterns of popular participation in the revolutionary events of 1789 and 1810, respectively. Chapter 5 focuses on the long-term transformation of the organizational landscape in France and the continuities in Mexico during the 19th century. The chapter shows how by the 1870s France had already transitioned into a new political system built as a social contract, while Mexico had consolidated political order through the spoils systems of
the Porfiriato and later the post-revolutionary regime. Chapter 6 deals with the trajectories that these countries pursued in the construction of the social state, and how differences in the process of popular incorporation affected the society-wide capabilities to coordinate collective action and generate public goods.
Chapter 4: The Atlantic Revolutions and the Structural Transformation of Organizational Life

4.1 Introduction

This chapter presents a comparative analysis of local social relationships in France and Mexico and how they were affected by the Atlantic Revolutions of the late 18th and early 19th centuries. This analysis is meant to provide a thorough account of the variation in social relationships and their effects on organizational resources in France and Mexico as these countries built their first modern states. This will prepare the terrain to show how this variation affected the strategies of political order that developed over the 19th century (Chapter 5), and how this in turn shaped the society-wide capabilities to coordinate collective action at a large scale during the 20th century (Chapter 6).

To briefly foreshadow the content of this chapter, the main claim that I make here is that when capitalist pressures caused the breakdown of local solidarities between landlords and peasants, as it occurred in France at the eve of the 1789 Revolution, they opened new organizational opportunities for the popular classes. Conversely, where local solidarities remained strong, as it occurred in the New Spain by 1810, despite increasing material grievances, new organizational opportunities continued to be closed for the rural poor. These differences in social relationships shaped the patterns of popular mobilization during the

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84 The term “Atlantic Revolutions” has been used by historians to refer to the wave of “liberal” revolutionary movements that took place in Western Europe and the Americas during the late-18th and early-19th centuries, beginning with the American Revolution and the French Revolution, but also including the Spanish liberal revolution of the 1820s and the Latin American wars of independence. In these accounts, each revolutionary movement needs to be observed as part of a larger wave of ideological, political and socioeconomic transformations that swept both sides of the Atlantic (Guerra 1992; Klooster 2009).
revolutions, and had a long-term impact on the evolution of civil society, its interaction with the state, and the type of political system that emerged as a result.

The French Revolution of 1789 and the Mexican War of Independence of 1810 were moments of violent popular mobilization that hardened the organizational structure of the rural populations, triggering two different trajectories in the evolution of civil society. Whereas the French Revolution was shaped by peasant uprisings against local elites, radical insurgent activity in the cities, and well-coordinated national movements, the popular component of the Mexican War of Independence was marked by local allegiances between regional chieftains and peasants, the absence of urban revolutionary activity and the territorial fragmentation of the insurgent armies. These factors would shape the outcomes of the revolutionary processes in each case.

In France, the most resilient outcomes of the revolution were the legal abolition of feudal privileges and intermediary bodies and the administrative reform of local jurisdictions. These reforms came out of the popular mobilization that pushed Jacobinism to radically oppose particularistic privileges. As a result, Jacobin republicans thought of the state in terms of a social contract between citizens and rulers to defend the “General Interest”, the “Collective Will”, the “Public Good” (or, in our terms, for the production and protection of public goods). However, the distrust of Jacobins against intermediate bodies led to the legal repression of civil society organizations. This meant that republicans would struggle for decades to find the institutional mechanisms to solve the coordination challenges associated with the protection of public goods.

In the long run, these consequences of the French Revolution would matter less for the concentration of power in the national centre, as for the transformation of the organizational structure of civil society. Popular collective action gradually mutated in France during the 19th century. Shortly after the end of the Revolution, many social groups continued to mobilize along
organizational forms related to the old regime (compagnonnages and guilds). However, pressure from those radical sectors of the population that saw themselves as guardians of the republican legacy of the revolution, pushed other societal actors to adopt autonomous and impersonal organizational forms during the period of repression and subsequent liberalization of the Second Empire. Only with the passing of the laws on trade unions (1884) and associations (1901), civil society organizations would finally be recognized as legitimate political actors that channelled alternative views of the “general will” rather than particularistic interests.  

In Mexico, the late penetration of rural capitalism in the 18th century did little to erode social relationships at the local level. This meant that when the insurgency mobilized the rural poor, it did so through the personalistic logic of local clienteles and communal solidarities. The rural, fragmentary, and parochial patterns of the popular uprisings during the War of Independence did not produce significant changes in the social structure, labour practices, and political loyalties at the local level. Rather than weakening the power of intermediaries between the state and the citizens, the War of Independence militarized local strongmen and strengthened the power and privileges of corporate entities (the Army and the Church). The intact social structure of localities and the absence of nation-wide popular movements perpetuated the monopoly of organizational resources by local and communal elites. Throughout the 19th century, political organizations remained parochial, focused on the demand of privileges, rents, and exceptions to state intervention, and subordinated through clientelistic ties to national elites.

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competing for state power. Even the Mexican Revolution of 1910 would reproduce those personalistic and parochial patterns of popular mobilization.  

The following sections discuss first the French experience and then the Mexican case. Both cases follow the same structure. First, I offer a brief chronology of the revolutionary period and summarize the general features of popular mobilization during those years. Second, I present detailed descriptions of the agrarian structure of these societies at the onset of the Atlantic Revolutions. I then map out the patterns of popular mobilization in the urban areas and in the countryside. Finally, I discuss how these patterns of popular mobilization shaped the key outcomes of the revolutions regarding state formation.

4.2 France: Revolution and the Emergence of National Popular Movements

The stability of the Ancien Régime in France was based on an exclusionary spoils system that developed in an idiosyncratic and ad hoc fashion over the course of centuries. The entire political edifice was built upon the allocation of particularistic privileges that took the form of economic monopolies, rights to levy dues and extract forced labour from the population, special rights to bear arms, differentiated legal treatment, and fiscal exemptions. This complex fabric of privileges drew distinctions between different sectors of the population, between different territorial jurisdictions, and between different corporate bodies. In some provinces (the pays d’élection), regional authorities were directly named by the king, while a handful of other provinces, the pays d’état, preserved the right to have a representative assembly to negotiate matters of taxation with royal authorities. Whereas the North was still based on a common law

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tradition, the South operated through civil law. Taxation varied significantly, and direct impositions such as the *taille* or indirect taxes such as the *gabelle* (tax on salt) were imposed with different rates in different localities (Jones 1988:36-37). Corporate bodies—the Church and the aristocracy—could also extract resources from the population in the form of ecclesiastical and seigneurial dues. Noble landowners held the monopoly of mills and ovens, as well as exclusive rights to hunt game or raise certain kinds of animals. Guilds of craftsmen and artisans restricted economic production and competition. In other words, the institutional structure of the *Ancien Régime* developed through a process that could be best described as sedimentation, where as new groups demanded access to the spoils system controlled by the king, new privileges were offered and layered on top of the pre-existing privileges that other groups enjoyed.

As the monarchy faced the pressing need to raise revenue in order to pay for the expensive wars of the 17th and 18th centuries, it resorted to selling offices and nobiliary titles (venality) rather than raising taxes. Venality represented the best example of how rulers sought the support of key societal actors by offering them exclusive access to coveted private benefits. The bureaucratic positions acquired through venality were initially non-hereditary and returned to the control of the king after the demise of the occupant, but the increasing fiscal pressures on the monarchy forced the king to give more concessions and to eventually treat those offices as any other form of private property. This was not only a very ineffective way of balancing public finances, since once an office was sold it ceased to yield revenue, but also disgruntled the old nobility and, most importantly, created a patronage-based, unruly and progressively inept administrative apparatus.

The fiscal crisis reached an apex in the 1780s when public debt became larger than the government’s budget. Taxation relied heavily on the peasantry, since the Church and the nobility
enjoyed fiscal exemptions. However, the peasantry was not only forced to pay royal taxes, but was also subject to seigneurial dues and ecclesiastical fees, which meant that there was a limit to how much more the king could continue to extract from the peasants. It became clear to Louis XVI and his advisors that the only way to address the fiscal crisis would be to raise taxes on the nobles. However, those nobles staffed the bureaucracy. The very same actors that would be in charge of collecting and administering fiscal revenues were those who resisted increases in taxation. Therefore, the solution to this institutional deadlock was to make some political reforms granting representation to the nobility in order to produce a negotiated fiscal policy, first through the failed attempt of the assembly of notables in 1787 and 1788, and then through the calling of the Estates General for the spring of 1789.

For the first time since 1614 the absolutist monarchy was inviting its subjects to elect representatives under conditions that approached universal male suffrage (all Frenchmen over twenty-five registered as taxpayers) to voice their demands in front of the king (Jones 1988:62). The First Estate (the clergy), the Second Estate (the nobility), and the Third Estate (the rest of the population) were asked to attend assemblies in their community or parish to list their grievances in the *cahiers des doléances* and to select delegates that would then attend a larger electoral assembly for the *bailliage* or *sénéchaussée* (electoral/administrative circumscriptions), which would then choose the representatives to the Estates General (Jones 1988:62).

A fiscal crisis that was mostly a matter of confrontation between the king and the landed elites thus created an opening for multiple groups to voice their own demands. The summoning of the Estates General had the effect of politicizing French society in an inadvertently explosive way. Since the Estates General had not convened since 1614, there was very little knowledge about the institutional shape that they should take: how to select representatives, how many...
representatives should be selected from each estate, how should the votes of the representatives be counted. This latter point became a particularly sensitive issue, since the king insisted that votes would be counted by estate, so that any two estates could outvote the third. In all likelihood this would mean that the First and Second Estates (the clergy and the nobility) could together defeat the demands of the Third Estate, which represented the vast majority of the population. Stalemate on the issue of how to count votes ultimately pushed the deputies of the Third Estate—mostly composed of bourgeois lawyers, intellectuals, and marginal nobles—to break with the Estates General, inviting the members of the other orders to join its ranks, and seizing sovereign power by declaring itself the National Assembly.

As the Assembly prepared to write a constitution, tensions with the king escalated. The movement of troops around Versailles and Paris triggered suspicions that the king was planning an attack. This, combined with the dismissal of Jacques Necker, the king’s popular advisor, triggered a series of riots in Paris leading to the storming of the prison of the Bastille, a powerful symbol of royal absolutism, on July 14, 1789. Since the royal troops were unlikely to follow orders to shoot the rebels, the king found himself powerless and forced to accept the sovereignty of the National Assembly to draft a constitution. As the Assembly worked on the constitution, the revolts in Paris rippled into the countryside.

This political crisis coincided with a social crisis that during the summer of 1789 reached its worst point. The penetration of capitalism into the countryside since the 15th century opened a divide between landed elites and the peasantry, as well as between richer and poorer countryside-dwellers, stratifying rural communities and eroding local solidarities. By the 1780s, the rural and urban poor had faced a sustained decline in their living conditions, result of the arbitrary increases in seigneurial dues, the loss of communal privileges, and a mix of policy failures and
environmental catastrophes that destroyed harvests and caused widespread famines. As these grievances grew, the drafting of the *cahiers* connected the rural poor to national politics, creating hopes that the reforms proposed by the Estates General would address their demands. As a result, when the National Assembly was threatened by a counter-revolutionary attack, the rural and urban masses feared that their hopes were about to be crushed. Once popular uprisings erupted in Paris and other cities, peasants in many provinces who saw their interests directly tied to those events also took up arms.

Popular mobilization in the summer of 1789 put the revolution in a path that was no longer under the control of the moderate leadership. By the end of August, the propertied men of the Assembly were pressed to abolish feudalism, seigneurial dues and privileges (even though the issue of compensation would continue to be debated), as well as ecclesiastical fees such as the tithe. The Assembly declared equality of taxation and abolished venality and feudal privileges. Finally, it promulgated the Declaration of the Rights of Man and the Citizen and reconstituted the institutional design of the monarchy, establishing a bicameral legislature and assigning limited veto powers to the king.

As the king delayed accepting the new constitution, the popular classes again took on the responsibility of protecting the revolution. In October, a group of peasant women marched on Versailles and coerced the king to move to Paris, where he remained hostage of the crowds. From the summer of 1789 to the rise of the National Convention, rural and urban popular mobilization tended, with few exceptions, to push the Assembly towards more radical positions, culminating with the overthrow, trial and execution of the king and the war with the European monarchies.
The turning point in the alliance between the moderate revolutionary leadership and the popular classes occurred in 1791, when the Assembly abolished the traditional forms of organization of master craftsmen (corporations and guilds) and workers and artisans (compagnonnages). The laws Le Chapelier and d’Allarde of 1791 supressed intermediary bodies as a matter of ideological consistency, with the goal of removing the monopolistic privileges of corporations, as well as inhibiting any particular interests that could compete with the “General Interest” of nation. The dissolution of artisan and working class organizations was an attempt to bring back under control the riotous crowds while remaining consistent with the values of the revolution. As compagnonnages and corporations were abolished, however, radical segments of the revolutionary leadership attracted the support of those groups by offering them the opportunity to join their clubs and fraternal societies. This was the birth of the famous sans-culottes as an organized collective actor, who helped those radical revolutionaries defeat the more moderate factions that had been dominant since 1789. As a result, the fate of the revolution became intricately tied to the actions and demands of the popular classes.

As critics of the revolution have pointed out in the past, from Edmund Burke (1793) and Alexis de Tocqueville (1856) to François Furet (1981), this form of militant popular republicanism carried with it dark and violent undertones. The drive to eradicate all forms of particularistic privilege spearheaded by the popular revolts led to the Jacobin Terror of 1792-1794, the massacres in Paris by riotous masses, the persecution and summary executions of members of the clergy and former nobles, and the fragmentation of the revolutionary groups themselves. The forces that it had set in motion quickly engulfed the National Convention, where the pursuit of the “General Interest” became a proto-totalitarian beast without any checks. By 1792, the peasantry returned to the fields and abandoned the revolutionary cause. The fumbled
handling of the abolition of the tithe and the distribution of ecclesiastical land had already fragmented the countryside. Forced conscription to fight the war against the European powers further alienated the peasantry. Additionally, the Law of the General Maximum of September 29, 1793, which set price limits in order to solve the food shortages in the towns and cities, further put the peasantry at odds with the urban radicals. Peasants and farmers, along with merchants, were often accused of hoarding foodstuffs. Food shortages in the end brought down the Convention, broke the alliance between rural and urban masses, and marked the end of the revolution with the Thermidorian reaction in 1794. As Moore put it: “The sans-culottes made the bourgeois revolution; the peasants determined just how far it would go” (Moore 1966:110).

Many of the changes achieved between 1789 and 1793 were repealed under the Directory, the Consulate and the First Empire. Napoleon reinstated an imperial monarchy and nobility, and regularized the relationship with the Catholic Church. However, the abolition of seigneurial privileges and the suppression of corporations and intermediary bodies proved to be a resilient legacy of the revolution. Popular mobilization could no longer be achieved through communal solidarities, so the popular classes would have to learn slowly and painfully new strategies of collective action. Moreover, the popular component of the revolution transformed the relationship between civil society and the state. In the aftermath, state sovereignty could only be justified in reference to the general interest. In doing so, the revolution foreclosed the possibility of constructing a stable spoils system, and it would take almost a century for French society to build an alternative strategy of political order.
4.2.1 The Commercialization of Agriculture and the Erosion of Local Allegiances under the Ancien Régime

The years that preceded the French Revolution only accelerated and intensified a process that had been centuries in the making: the breakdown of local ties of solidarity between landlords and peasants. The expansion of trade since the end of the Middle Age gradually transformed economic relationships in the rural areas, especially the paternalistic obligations of the landed nobility—the seigneur—to the peasants. By the mid-18th century, the material interests of lord and peasant in most of France placed them in opposition to one another. Additionally, the growth of the absolutist state pulled the nobility away from the land and turned them into rentiers detached from their local communities. This did not entail the strengthening of the state, which continued to be captured by thousands of veto players staffing the bureaucracy and dismembered by an incomprehensible political system based on special privileges and ad hoc accommodation. However, it did weaken the ability of local elites to conjure the support of the rural poor. These changes in the local social structure ultimately shaped the popular revolution of 1789, determining its anti-feudal thrust.

In his classical work on French Rural History, Marc Bloch situated the beginning of the demise of the large seigneurial estate in the 14th century (Bloch 1966:117). During the late-Middle Age, a seigneurie would usually consist of a domain or demesne with the lord’s fields, which could cover one quarter to half of the arable land in the property and could reach several hundred acres (Bloch 1966:65-66). The rest of the arable would be divided in several small or mid-sized holdings among the tenants. The lord then extracted customary dues from his tenants in the form of cash, crops or labour in his own fields. Lords thus relied on journeymen, the corvée labour of their tenants, and sometimes serfs or slaves, to carry out the cultivation of the
demesne. In addition to this, the lord could obtain additional income from his rights of usage of forests and other facilities in the property: mills, ponds, presses, and ovens (Hopcroft 1999:129). At the same time, the lord offered a complex series of customary rights to his tenants in the form of access to commons and fallow grazing, as well as providing security, legal justice, and some material protection against natural calamities (Hopcroft 1999:130).

Differences between richer and poorer peasants were already determined by the size of their holdings and by whether they owned ploughs or not (Bloch 1966:94). The first distinction was of course between peasants who held land and those who did not. A second distinction, within those who held land, was that between those (laboureurs or fermiers) who could rely on their own ploughs and teams of draught-animals—horses, oxen, donkeys—and those who either had to rent the ploughs from the richer peasants or had to rely on their own strength to till the land. Often, peasants who held smaller plots or who depended on the ploughs of the laboureurs, would also hire themselves out to work on the fields of the richer peasants as a manouvrier or journalier.

By the 15th century, the ancient landed elites had suffered a very slow but sustained period of temporary impoverishment caused by several factors. As the customary dues were monetized and increasingly paid in cash, their value became vulnerable to inflationary tendencies. According to Bloch, the instability of the currency during the late Middle Age, result of the frequent debasement of coinage, caused a steady decline in the nominal value of money (Bloch 1966:120-122). Therefore, those seigneurial dues that were paid in cash (which was the most frequent form of payment) and set as a fixed amount of currency that was unrelated to any material object had lost more than 60% of their value by the mid-15th century. This loss in the nominal value of money caused by monetary instability, combined with the rise in prices of the
early 16th century that resulted from the inflow of gold and silver from the mines of Central Europe and America, intensified the impoverishment of the nobility (Bloch 1966:123). Facing the decline of their fortunes, lords began selling or mortgaging parts of their demesne. A new class, the wealthy businessman and office-holder, then stepped in. Capitalism, which had been brewing in the towns and the cities, began to enter into the French countryside (Le Roy Ladurie 1974). In Bloch’s powerful words:

Over a wide area around Lyons, extending as far as Forez, Beaujolais and Dauphiné, baronies, castellanies and fiefs of all descriptions were accumulating in the hands of great patrician families enriched by cloth and spices, mining and banking: families of French origin, the Camus, Laurencin, Vinois and Varey, Italians and Germans such as the Gadagne, Gondi and Cléberg. Only three out of the forty seigneuries sold by the Constable of Bourbon or liquidated on the confiscation of his properties went to nobles of ancient birth. Even if the story is true that Claude Laurencin the money-broker, son of a draper and grandson of an innkeeper, only secured the homage of his new vassals in the barony he had purchased from the daughter of Louis XI with the greatest difficulty, what did it matter? His wife still became lady-in-waiting to the queen, his son chief almoner to the king. The seigneurial regime was certainly not extinct; on the contrary, it was soon to take on a new lease of life. But seigneurial property had to a large extent changed hands (Bloch 1966:124).

New and old seigneurs, the prosperous merchants and the ancient aristocrats, then pursued from the 16th to the 18th century an incremental acquisition of land (Bloch 1966:138).
Land came with peasants and together they were the source of rents, which was seen as a noble income and a way of securing fortunes made through trade or finance. Becoming a landed seigneur was also a way of joining the increasingly porous ranks of the nobility, and to gain access to offices, titles, and privileges.

Large estates began to appear again, although without reaching the extremes of the English version of enclosures. Land assembly was a slow process pursued through the purchase of plots, the eviction of tenants, and the encroachment on common lands (Bloch 1966: 140-143; 185-189). These great landowners did not directly take on the supervision and administration of their land. Instead, they leased out their land in small plots to labourers in exchange for fixed terms (Bloch 1966:144-145). French noble fortunes would continue to depend on the extraction of peasant dues, and not on the direct production and commercialization of crops from the demesne, as was the case in England (Moore 1966:42-43).

Old Regime France was a society of rentiers, not of entrepreneurs but also not of communal chieftains. These features of the French agrarian structure generated by the 18th century a semi-autonomous peasantry, subject to feudal forms of oppression but lacking the village communalism and solidarity of traditional rural communities (Skocpol 1979:120-121). Instead, the peasantry was highly differentiated and stratified even within the same village. It participated in local and regional trade and was integrated through the network of provincial towns and ports to national markets. Furthermore, the peasantry was outside of the constant surveillance of the landed elites who had lost their status as patrons. However, these peasants accumulated grievances due to the arbitrary increases in taxes, seigneurial dues and ecclesiastical fees.
By the eve of the Revolution, landed elites had the legal authority to extract rents and labour from the peasantry through multiple mechanisms. The cahiers de doléances of the spring of 1789 offer a very good inventory of the myriad ways in which landed elites extracted wealth from the peasantry. Periodic dues, such as the cens (monetary dues) and the champart (harvest dues)—also called arrage, parcière, tierce, tasque, agrier or terrage depending on the province—, were rents paid in cash or with part of the harvest for the use of the land. Lords enjoyed seigneurial monopolies over ovens, mills, wine presses and other essential tools and charged peasants for their use. Lords also assessed economic activity through tolls and dues on fairs and markets, and rights over property transfers, such as lods et ventes, mainmorte, and retrait. As long as seigneurial courts were in place, lords charged fees to solve legal disputes. Finally, they could also demand corvée labour to work on the fields of the demesne (Jones 1988:89; Markoff in Shapiro et al. 1998:393). These dues, which persisted with different intensities throughout the French territory until the Revolution, were part of the dense feudal fabric of personalistic privileges. However, by the 18th century, seigneurial dues were used with a clear capitalist mentality (Le Roy Ladurie 1974). For example, in the seventeenth century the Parlement of Rennes demanded that peasants carry the crops that they were paying to their lords directly to the port (Bloch 1966:133). As Moore pointed out, the commercialization of agriculture in France was not primarily about gaining control of the peasants’ land (as with the enclosures movement in England) but rather to get a larger share of the peasants’ crops in order to commercialize them and obtain rents from them (Moore 1966:61).

For centuries, those seigneurial privileges had been tolerated because they were tied to personalistic privileges that peasants enjoyed as members of a particular community, such as access to common resources, grazing in the lord’s fields after harvest (vaine pâture), some
protection from destitution, and the seigneurial provision of order and justice in the village. Starting in the 16th century, peasants gradually lost those privileges. Royal authorities (intendants) directly took on the administration of justice and seigneurial courts withered away. Moreover, lords and rich landholders encroached on the commons through different strategies. Sometimes, lords would appropriate common land through open usurpation. In other cases, landed elites would follow legal procedures. For example, a rich tenant could obtain a lease for a part of the commons, limiting access to the rest of the village. The lord could also demand the partition of the commons in order to secure his exclusive use of a part of those lands (often as much as a third of the land, droit de triage). In other cases, indebted villages who had asked for loans to carry out collective works or to pay out seigneurial dues or royal taxes in the past would have to sell parts of their commons to the lord to settle those debts (Bloch 1966:187). As a result, the bonds created between poorer and richer peasants and between tenants and landowners by collective tasks, reciprocal obligations and common resources, came under attack (Hopcroft 1999:130).

Before the 18th century, the practice of renting out small plots gave landless peasants the opportunity to acquire a small holding in exchange for part of the harvest (the practice of métayage or share-cropping), and even squatters would be allowed to stay in a piece of the waste or woodland that they cleared for themselves. Smaller landholders could then complement their income by working the fields of the richer peasants and through access to the communal privileges. However, by the mid-18th century, many of the seigneurs and large landowners, facing more intense capitalist pressures, reintegrated their land holdings to lease them out in bloc to a few large tenants (Bloch 1966:146). As a result, larger laboureurs became richer by expanding their fields and often monopolizing the ploughs and services that came with them. On
the other hand, smaller *laboureurs* and landholders were impoverished as they became landless peasants who could only make a living by selling their labour as *journaliers* (Bloch 1966:196). These transformations—the consolidation of large estates, the encroachment on common lands, and the increasing extraction of wealth through rents and customary dues—contributed to further polarize an already highly stratified rural society (Le Roy Ladurie 1974:13).

The transformations of the 18th century not only finalized the erosion of local solidarities between peasant and lord, but also created additional divisions between richer and poorer peasants in rural communities. We have seen how the bonds of solidarity generated by reciprocal obligations were eroded as the ancient aristocracy was replaced in many parts by a new business-oriented landed elite. Additionally, the collective interests shaped by common resources were also undermined as a result of the encroachment on the commons. Finally, the trend towards reintegration of landholdings and the leases to large tenants increased inequalities within the village, expanding the numbers of landless peasants and situating the material interests of richer and poorer peasants at odds with one another (Bloch 1966:212-213, 224; Moore 1966:72).

For the most part, the Crown had been reticent to fully endorse the capitalistic ambitions of the landed aristocracy and the *intendants* in the provinces often defended, even if without success, the interests of the communities. However, by the 1760s, new economic theories began to win the support of the king’s council. Under the influence of the physiocrats, several edicts were issued between 1769 and 1781 that authorised the partition of the commons in various parts of the country (Bloch 1966:221). These edicts not only triggered strong resistance, foreshadowing the rural revolts that would take place in 1789, but also made palpable the antagonistic interests of different groups of peasants. For instance, the partition of the commons through royal edicts was preferable for poorer peasants than the slow encroachment and
usurpation by the lord or the richer *laboureurs*, since it offered for them the opportunity to become proprietors in their own right (Bloch 1966:225). *Laboureurs*, on the other hand, would resist the partition of the commons by households, especially if one third of the common land was given to the lord, since they owned much larger herds than the rest of the community and thus benefited the most from communal grazing (Bloch 1966:227). The tensions that exploded in 1789 would follow these primeval class cleavages that had been fermenting in the French countryside for centuries and that intensified in the couple of decades before the Revolution.

In other words, landlords, ancient and new, faced the economic pressures of the commercialization of agriculture by using their seigneurial privileges to extract as much as possible from a peasantry that was trapped in the worst of both worlds: subjected to coercive labour and arbitrary impositions but without the customary benefits of feudalism.

What was happening […] was a penetration of commercial and capitalist practices into agriculture by feudal methods. Such things had been going on for a very long time but became more widespread in the latter part of the eighteenth century. One form this penetration took was the restoration of feudal rights and dues where they had been allowed to fall into neglect. Some economic historians see its origins in the lord’s steadily increasing need for cash. Much of the pressure may have come from the recently ennobled who took a more commercial and less patriarchal attitude toward their estates tightening up on administration, exploiting old feudal rights, and reviving new ones wherever possible. The economic feature of the revival seems to have been the lords’ efforts to get a larger share of the peasants’ crops in order to sell them. To get control of the peasants’ land was secondary to getting the crops. Feudal dues paid in kind brought in
the best return among agricultural incomes, partly because feudal dues were levied as a direct proportion of the crop (Moore 1966:61).

By the mid-18th century, one part of feudalism was dead: the organic solidarity of traditional peasant societies structured around paternalistic relations between lord and peasant; but one part had been enhanced: the use of seigneurial privileges to extract more wealth from the peasantry. These two elements created the grievances of the rural poor against landed elites, as well as opened the organizational space for the peasantry and other popular sectors of the population to organize outside the surveillance and control of those elites.

The peculiar process of commercialization of French agriculture shortened the distance between the town and the countryside by expanding the spatial mobility of the peasantry. For instance, those peasants from Rennes who were now forced to bring their dues directly to the port would interact on a regular basis with the longshoremen, the artisans, and other town-dwellers, learning about their shared grievances and common interests, as well as bringing back with them news from the rest of France. Furthermore, towns and provincial cities were the final destination of the descending social mobility produced by the physiocratic experiments and the landholding reintegration that swept the countryside (Le Roy Ladurie 1974:14). Those landless peasants, often still connected to their original rural communities through family and friendship relationships but also part of the groups of poor town-dwellers, ultimately contributed to politicize public opinion in the rural areas. In other words, a communicative infrastructure that linked the peasant to national politics developed, where towns and provincial cities played a key role connecting rural communities across France (Le Roy Ladurie 1974:15). When the call for the *cahiers de doléances* opened the space for the discussion of peasant grievances, this
communicative infrastructure turned what initially were local conflicts into a major component of the political crisis that was about to explode between the king and the Third Estate. Furthermore, this communicative infrastructure, even if shallow and primitive, made possible the brief periods of coordinated action amongst peasants and radicals during the first years of the Revolution.

4.2.2 Revolutionary Groups and the Rise of National Popular Movements

The entry of capitalism into the French countryside under the mask of seigneurialism eroded local solidarities. This argument does not claim to explain the origins of the French Revolution, nor does it take a position in the long-standing debates about the causes of the revolution, which emphasize either the impoverishment of the peasantry (Lefebvre 1947; 1973), the rise of an enlightened bourgeoisie (Cobban 1999; Doyle 1980), or the institutional deadlock, fiscal crises and international pressures (Skocpol 1979). The argument here is rather about the organizational forms that popular mobilization adopted during the revolution. In a nutshell: whatever caused the revolution, once social turmoil began, popular mobilization could not unfold as a conflict between cohesive local communities, but would rather follow class cleavages, especially a strong anti-seigneurial reaction by the rural and urban poor.

4.2.2.1 Popular mobilization in Paris and other urban areas during French Revolution

By the summer of 1789 the political crisis between the Third Estate and the privileged classes had been paralleled by food riots and peasant revolts in the countryside and disturbances among wage-makers in the faubourgs of Paris (Rudé 1959:39-44). However, those expressions
of popular discontent still remained alien to national politics. It would only be the events of July—the storming of the Bastille and the spread of the Great Fear—that turned the urban and rural masses into protagonists of the revolution. Especially urban-dwellers quickly became the radical wing of the revolutionary movement.

Two main features characterized popular mobilization in the cities between 1789 and 1794. In the first place, the urban poor, who initially followed personalistic relationships as they joined the revolts in 1789, gradually adopted more impersonal patterns of organization after the summer of 1791. Second, as they gained access to the revolutionary societies, poor and middle-class urban-dwellers entered a very sophisticated organizational network that coordinated collective action across the provincial cities and towns. These revolutionary clubs and fraternal societies set down the precedent for the emergence of impersonal popular organizations during the 19th century.

In 1789, the population of Paris was somewhere between 524,000 and 660,000, according to demographic estimates at the time (Rudé 1959:11). The nobility only counted about 5,000 individuals, the clergy 10,000, and the (financial, commercial, manufacturing and professional) bourgeoisie 40,000 (Rudé 1959:12). The vast majority of the population was composed of “small shopkeepers, petty traders, craftsmen, journeymen, labourers, vagrants, and city poor, who formed what later became known as the *sans-culottes*” (Rudé 1959:12). A significant portion of these urban-dwellers was itinerant, without a fixed address and employed seasonally.

The poor urban population had a strong organizational tradition around *compagnonnages*, that is, mutual-aid societies that grouped together journeymen and artisans to negotiate contracts

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87 More recent estimates situate the Parisian population at 581,000 people (B. Mitchell 2013).
collectively and to provide some economic protection during periods of hardship. However, only a minority of the urban poor were members of these confraternities. The growing number of transient workers, which swelled in the eve of the revolution with the waves of destitute peasants arriving into the cities, remained outside of those organizational networks.

Moreover, the distinction between artisans and journeymen, on the one hand, and shop-owners and crafts masters, on the other, was not always clear-cut. Ouvriers and patrons shared relatively intimate relationships, often eating at the same table and sleeping under the same roof (Rudé 1959:18). As consumers, they also shared a common concern with the price of foodstuffs, especially bread, which absorbed most of their income. Bread represented about 50% of an average worker’s income, and it would reach 80% during the subsistence crisis of 1789 (Labrousse cited in Rudé 1959:21; Williams 1989:23). These shared life experiences engendered an ideological dependence between the master craftsman and his compagnons, a common lower-middle class artisan mentalité that determined their political leanings (Soboul 1964:50-51). As a result of these organizational patterns, urban popular mobilization between July 1789 and June 1791 was a combination of relatively spontaneous riots and actions orchestrated around personalistic relationships.

The short-lived marriage between the urban masses and the aristocratic and upper bourgeois leadership of the revolution began with the journées of July 1789. The storming of the Bastille, which was the most symbolic action of a series of protests that began two days before, was unexpected because of how quickly the Parisian populace was politicized. Actions that began with attacks against customs points (barrières), which small consumers, shopkeepers and merchants resented, shifted in a matter of days towards searches for grain, weapons and ammunition and attacks against royal officials (Rudé 1959:49-50). We know, thanks to the lists
of the vainqueurs de la Bastille drawn up in the aftermath by the Constituent Assembly, that around 800 to 900 people participated in the event. The vast majority of them were small workshop masters, craftsmen, and journeymen, and only a small minority were merchants, wage-earners, soldiers and shopkeepers (Rudé 1959:56-59). Most of them were already enrolled members in the Parisian National Guard, the militia of volunteers that would become associated in the aftermath with the constitutional monarchists. In other words, the storming of the Bastille was not a spontaneous uprising of the urban poor but a relatively premeditated middle-class affair (Rudé 1959:59). Having said that, it changed the course of the revolution because it was embedded in a larger episode of popular turmoil. George Rudé suggests that at the peak of the insurrection, a quarter-million Parisians were under arms. It was this massive mobilization that stopped the officers of the royal army from attacking the rebellious crowds. Popular mobilization had saved the National Assembly and forced the king to recognize its sovereignty to write a new constitution.

Popular turmoil continued in Paris for a few months until the king was forced to abandon Versailles and move to the capital in the early days of October. A period of remarkable calm followed until the spring of 1791. However, two sources of popular discontent erupted during the first half of 1791, one produced by the large numbers of unemployed that opposed the closure of the ateliers de charité (public workshops maintained by the city administration) and another one generated by workers—carpenters, hatters, typographers, master farriers, locksmiths, joiners, and cobblers—demanding higher wages (Rudé 1959:80-85). Corporations and guilds had been suppressed in March by the law d’Allarde, which sought to eliminate the economic remnants of the feudal system and to recognize economic freedom. In some cases, journeymen happily took on the new economic opportunities and set up shops next to their (ex-)masters’ workshops. In
other cases, however, where the weight of routine kept them together, master craftsmen could still mobilize their (ex-)compagnons to put pressure on the Assembly and recover some of their lost economic privileges.

The workers’ movement of April-June 1791, which claimed to have the support of 80,000 souls, combined both personalistic and impersonal organizational features (Rudé 1959:84). It followed traditional forms of solidarity built around the patron-client networks of the compagnonnages and the guilds. But also, behind the movement, republican clubs—in particular the Jacobin and Cordeliers clubs—offered organizational support to coordinate collective action beyond those parochial relationships. Moreover, they helped drafting petitions, presenting them to the Assembly, and endorsing workers’ demands in their pamphlets and newspapers (Rudé 1959:80-94).

In response to this, the Assembly quickly drafted and passed a new law—the law Le Chapelier—abolishing, under the rhetoric of revolutionary equality, any form of collective organization, including compagnonnages and other artisan associations. There was surprisingly little resistance to this measure, even amongst the most radical members of the assembly. As I argue below, the law Le Chapelier was consistent with the view of the Nation as the embodiment of the “General Interest” and the repudiation of particularisms and intermediary bodies. Furthermore, for the moderate revolutionaries, it was a way of weakening the popular classes and re-establishing order. Conversely, for the radical segments of the revolutionary leadership, it was an opportunity to attract the support of the popular classes and win the upper-hand against the constitutional monarchists (the Feuillants) and the liberal bourgeoisie (Rudé 1959:80).

Devoid of their traditional organizational resources, urban workers found in the revolutionary committees, clubs and popular societies the only space to legitimately raise their
demands (Kaplan 2001:573-598). It was through these societies that the urban poor acquired a political education in the revolutionary ideals, and that the *sans-culottes* emerged as a cohesive political actor (Rudé 1959:86; Soboul 1964:196; Rose 1983:96-116; Williams 1989:25). The anger of poor urban-dwellers was no longer merely about bread prices but about the threat of foreign enemies and counter-revolutionary conspiracies. Their demands were no longer only about wages but about republicanism.

In May 1790 the National Assembly reformed the municipal structure of the city, dividing it in 48 sections. Although publicly these sections encouraged political participation by holding assemblies, they were designed to limit popular involvement through exclusionary restrictions (Rose 1983:90). In response, some of the districts that had developed a strong popular voice during the 1789 electoral process and later on in the formation of militias during the *journées* of the summer, created popular societies to organize political participation through strategies akin to those adopted by the Jacobin club (the *Société des Amis de la Constitution*) and other bourgeois organizations. In this way were created the *Société des Amis des Droits de l’homme et du citoyen*, which became the influential Cordeliers Club, the *Société Fraternelle des Patriotes des Deux Sexes*, the *Club de l’égalité*, the *Société des Indigences*, the *Société populaire des Halles*, the *Société des Carmes*, the *Société des Minimes*, amongst dozens of similar groups throughout France.

These organizations were no longer shaped by personalistic relationships but rather acquired impersonal features, gathering hundreds of people (reports of attendances of the Société Fraternelle reached over 800 to 900 attendees in April 1791) and constantly interacting with other societies in Paris, in the provinces, and even outside of France. They were open to any member of society that would pay the subscription fees, which were in most cases very low in
order to attract the participation of the working classes as well as women. The Cordeliers charged a subscription of only 2 sous per month in order to attract the popular classes (the cost of bread was between 8 and 11 sous). They were often created explicitly with a mission of political education and coordinated their actions through communication, even if these communicative practices were full of ideological manipulation and indoctrination (Rose 1983:99). Militancy resulted not from selective incentives or personal loyalties, but from shared social norms that came with ideological convictions. Through these complex organizational networks, individuals could hardly expect to achieve private gains or address petty grievances. Instead, they were engaged in a much larger nation-building project about the Public Good (or, with less revolutionary hyperbole, the demand of public goods).

Moreover, these organizations adopted a new way of interacting with the state. They no longer saw themselves as interest groups representing particularistic privileges and presenting their demands as subordinates of political authorities. Instead, they saw themselves as watchdogs of the public interest, as the actors in charge of monitoring, preventing and sanctioning abuses by public officials. In their first public manifesto, the Cordeliers stressed their mission “to denounce to the tribunal of public opinion the abuses of the different authorities…[and] every kind of attain upon the rights of man” (cited in Rose 1983:97). Similarly, the Club de l’Egalité declared that it had been founded “in response to the indispensable need to establish ‘public censors’ to watch over the government, the courts and all administrative bodies” (Rose 1983:100).

The second relevant feature of urban popular mobilization was the role it played in articulating a national movement that connected the capital, the provincial cities and towns, and the countryside. Urbanization outside of Paris was well under way by the end of the 18th century. Marseille and Lyon had over 100,000 inhabitants, and Bordeaux, Rouen, Nantes, Lille,
Toulouse, Amiens, Nîmes, Orléans, Montpellier, Angers, Caen Besançon, Nancy, Brest, Rennes and Versailles had more than 20,000 (Sewell 1985:4; Mitchell 2013). Just by virtue of their size, these cities entailed a certain degree of impersonality. Furthermore, these cities and their neighbouring towns were well-connected through a dense network of roads and a working postal service. News could reach most points of the territory in less than three days, and the larger provincial capitals had daily posts sent from Paris (Lefebvre 1973:67).

In 1789, local uprisings toppled governments and created revolutionary committees throughout France. These committees armed local militias and directed the supply of food and work, but also represented the space for the discussion of politics and revolutionary ideologies (Hunt 1978:3-4). It was in these committees that town-dwellers and peasants from the neighbouring villages could enter in contact with the events in Paris. In doing so, they consolidated the class and ideological solidarities that characterized popular mobilization during the French Revolution, weakening in the process communal identities and parochial ties of allegiance.

In parallel to these local committees, revolutionary clubs and popular societies also developed in the provinces. Michael L. Kennedy estimates that between October 1, 1791 and June 2, 1793, at least 1544 French communes had a club affiliated with the Jacobins, and these clubs had a presence in every department, in the colonial settlements in the Caribbean, and even in the United States, Italy, and elsewhere (Kennedy 1988:3-5).

In the cities, the revolution was shaped by new patterns of popular mobilization where strangers got together not to seek redress of their own private grievances but to influence the reconstitution of the French national system. By 1793, the revolutionary groups, including the elite leadership, the peasantry and the poor urban-dwellers, had mobilized through impersonal
relationships to push for a constitution, abolish seigneurialism and particularistic privileges, topple and execute the king, and establish the foundations of a new political system based on ideals of universal equality, impartiality, and an almost totalitarian view of the general interest.

The historical relevance of these organizations was not in their numbers and maybe not even in the decisive role that they played in the collapse of the monarchy and the rise and fall of the National Convention and the Terror (Rose 1983:116). Their historical significance comes from the role they played in connecting and coordinating popular mobilization throughout France and, in the process, making available new organizational strategies and resources for the popular classes. The impersonal patterns of organization followed by urban-dwellers and the projection of their actions at the national level not only shaped the victories and defeats of the revolution, but also began the long-term transformation of the organizational structure of civil society. These popular radicals saw themselves as the voice (and often the muscle) of the “General Interest” in its fight against private interests. They had changed the relationship of societal actors vis-à-vis the state: no longer accepting a subordinate position in a spoils system, but becoming watchdogs of political authority.

4.2.2.2 Popular mobilization in the countryside

Popular mobilization in rural areas was a common phenomenon under the Ancien Régime (Le Roy Ladurie 1974). In many ways the peasant revolts of the revolution presented remarkable continuities with these previous forms of collective action in terms of the underlying grievances (the loss of communal rights and the burden of seigneurial dues), the triggering events (bad harvests and subsistence crises), and the strategies they adopted (invading fields, sacking castles, and carrying out food riots) (Tilly 1986; Le Roy Ladurie 1974:11). However, rural mobilization
between the summers of 1789 and 1792 also showed certain characteristics that were entirely new. First, rural revolts erupted across the territory even in those parts that had seen little peasant contention in the past (Lefebvre 1973:52; Skocpol 1979:125). Second, these revolts were self-consciously part of a national struggle that went beyond their local and communal demands (Elster 2011). Third, these protests acted in coordination—even if in a very temporary and unstable way—with urban rebels and with the revolutionary leadership in Paris.

This combination of old and new patterns of rural contention opened organizational opportunities for the rural poor in the long run. The attack on seigneurialism and the stratification of the peasantry eroded the possibility for cross-class local solidarities to mobilize around communal interests. In 1789, a large portion of the French peasantry was no longer bound by personalistic, patron-client relationships. On the contrary, the communicative infrastructure created by the cahiers and the close interaction with town-dwellers pulled the peasants into the revolution and provided the organizational resources to make them part of a national movement. In other words, these patterns of peasant revolt meant that not only urban dwellers mobilized during the revolution through impersonal relationships, but the revolution also exported those organizational resources to the countryside. Since France remained mostly rural in 1789, peasant participation in the revolution was of crucial importance to push forward the transformation of French civil society during the 19th century.88

As we have seen before, the economic structure of the Ancien Régime as a society of rentiers put a significant burden on the peasantry, who were ripped apart between royal taxes, seigneurial dues and ecclesiastical fees. This was, however, nothing new in 1789. Two

88 In 1789, between 78 to 81.5% of the French population lived in the countryside (Jones 1988:4)
conjunctural factors also needed to occur to push the peasants into the stage of national politics: the terrible harvest of 1788 that amplified rural discontent, and the politicization of the countryside provoked by the elections of the Estates General.

On the one hand, a drought during the spring of 1788 and then an exceptional hailstorm in the summer destroyed the harvests. By the autumn, tenants were defaulting on their leases, resistance against harvest dues was mounting, and vagabondage increased (Jones 1988:60-61). The long winter arrived and granaries were empty. Unexpected frosts killed more than three-quarters of the vine stock in some winemaking regions, as well as decimated chestnut and olive orchards in the South (Jones 1988:61). Moreover, the bad harvests of 1788 also entailed limited seed for the 1789 season. Scarcity pushed prices up, driving foodstuffs away from the countryside and into the richer urban markets. Hardship conditions pushed people off the land, banditry—brigands—was on the rise, and a growing number of destitute country-dwellers approached the towns and rural parishes to live of charity (Lefebvre 1973:42).

On the other hand, the calling of the cahiers gave rural populations the possibility to discuss and voice their own grievances, which often were unrelated to the issues of taxation and political representation that concerned the king and the privileged classes. At a time of harvest failures, material concerns, however, were in everyone else’s minds. As lord and peasant had been drifting apart for centuries, country-dwellers did not see themselves as being together victims of environmental catastrophes, of the predatory impulses of the state, or of encroachments by foreigners. Instead, the subsistence crisis highlighted the fragmentation of rural communities, especially as the peasants—rich and poor, landed and landless—blamed the seigneurs for their grievances (Lefebvre 1973:38). P. M. Jones highlights the anti-seigneurial attacks expressed in the parish cahiers. He points out that “50 per cent of the general cahiers
called for the abolition of seigneurial courts and 64 per cent demanded the abolition of seigneurial dues” (Jones 1988:67). Similarly, Georges Lefebvre offered some examples that captured the anti-seigneurial sentiment of the *cahiers*:

> “Thank God, we have no nobles in this parish,” said the *cahier* of Villaine-la-Juhel in Maine. “They have four seigneurs, bloodsuckers all,” declared the peasants of Aillevans in the Franche-Comté. “The Bretons are treated like slaves by the nobles and the gentlemen of the upper clergy”, commented the people of Pont-l’Abbé in the Quimper bailliage (Lefebvre 1973:38).

Anti-seigneurialism was a indeed a common theme in the parish *cahiers*, rarely framed as a general condemnation of feudalism as a whole, but rather in the form of specific complaints about very precise seigneurial rights (Markoff in Shapiro and Markoff 1998:379). Of course, there were variations in the specific grievances raised in different parts of the territory, in some parts they focused on the burden of seigneurial dues, in others the main concern was the encroachment on the commons or the disavowal of collective rights. The main conclusion that we can draw from these recriminations is that peasant resentment against seigneurial privilege was not an ideological or intellectual repudiation, but rather a concrete grievance specifically directed against the local elites.

The *cahiers* thus became a vehicle to express local grievances as part of a national political crisis. The process of deliberating and drafting the *cahiers* had the effect of connecting in the minds of the peasantry those grievances to the fate of the Estates General (Elster 2011:322). When the Third Estate came under threat and rumours of an aristocratic or
monarchical conspiracy reached the countryside, the peasantry were quick to revolt since they saw their hopes to alleviate their most pressing concerns under attack.

Furthermore, the elections played an important role bringing together town and country. We have already discussed how many among the urban poor were former peasants that had recently arrived to the towns and cities, and who maintained family ties in the countryside while also being immersed in the musings of city politics. Many agricultural workers, seasonal journeymen and small farmers, complemented their income as artisans in the towns, and were usually well integrated in the regional markets where they sold their produce. Sympathies between urban and rural groups were not uncommon. As peasant revolts attacked the towns, where the seigneurs sought refuge during the summer of 1789, artisans and wageworkers often sympathized with the insurgents. In some cases, it had actually been urban patriots who stirred peasant discontent in the run up for the elections (Jones 1988:78). In other words, from the beginning, the revolution in the cities and the revolution in the countryside were deeply intertwined, even if they were moved by different motivations and pursued incompatible agendas.

Of course, the extent to which seigneurial dues were levied throughout the territory and the erosion of communalism across different provinces varied significantly, which explains why certain regions experienced peasant revolts earlier and more acutely than others: the northern provinces of Normandy, Artois, Cambrésis, and Flanders, the North-West in Franche-Comté and Alsace, Dauphiné and Provence, parts of Brittany, and the regions around Paris in Burgundy and Champagne (Lefebvre 1973:40-46; Jones 1988:67-81). Nevertheless, from the beginning and in most cases, peasant uprisings targeted local elites and very clearly followed a class cleavage.
Lefebvre offers a very detailed description of those revolts during the spring of 1789, which were in every case motivated by famine and directed against the privileged classes. In March, a wave of riots covered the regions surrounding Marseille and Toulon, ransacking bishops’ palaces and noble châteaux, destroying mills, beating up nobles, refusing to pay dues and tithes, and bringing herds of cattle to invade the seigneurs’ lands (Lefebvre 1973:41-42). In the Dauphiné an open agrarian rebellion started near Grenoble, where peasants attacked the property of the seigneur and councillor in the Aix parlement, demanding that he formally renounce his rights (Lefebvre 1973:43). In the North, in Hainault, Cambrésis and Picardy, bread riots raged in May, looking for corn in the large estates and abbeys (Lefebvre 1973:44). Around Paris and Versailles, the disturbances were caused instead by the privileges of royal game, where peasants attacked gamekeepers and invaded royal forests and private preserves (Lefebvre 1973:44-45). In the Franche Comté, the hatred against seigneurs was not particularly driven by hunger riots, but seems to have followed more political motivations as entire communities refused to pay their rents and tithes, and in some places threatened tax collectors and destroyed tax offices (Lefebvre 1973:45-46). In all of these cases, the revolts targeted local elites and sought to shake off the yoke of seigneurialism. In many of them, the bands of armed peasants refrained from looting, but focused on finding and destroying seigneurial charters, title deeds, and rent rolls (Jones 1988:69).

The spirit of revolt was already present in many rural areas when the Great Fear began during the second half of July. Word from the threats against the National Assembly and the flight of aristocrats—including the Comte d’Artois, brother of the king—had already reached the countryside. Along with this news came rumours of an aristocratic plot to arm thousands of vagrants to destroy the harvests in order to punish the revolution by means of famine (Lefebvre
1973:64-65). The rumours were hard to dispute. Vagrants—the famous *brigands*—were present everywhere after the subsistence crisis of 1788: unemployed workers, small-time smugglers, landless peasants, and wanderers (Lefebvre 1973:125). They represented a perfect scapegoat for deputies of the Third Estate and local revolutionary leaders, as well as aristocrats and royal officials, to personify the looming dangers and to justify arming militias and imposing security measures. Moreover, past experience told the peasantry that the nobles always retaliated when actions were taken against their interests; *jacqueries* were always followed by a bloodbath. There was no reason to expect that the seigneurs would sit back and passively accept the actions of the Third Estate.

Moreover, the countryside was connected to Paris through a dense network of towns and provincial cities. Information could reach those towns in a matter of two or three days at the latest, but it would take longer to reach the rural areas, where most of the population was illiterate and between five and six million did not even speak French (Lefebvre 1973:73). These rural populations depended on oral tradition for the dissemination of news. In some cases, peasants learned about the news in the marketplace; in other cases, they learned about national events through their parish delegate to the *bailliage* assemblies of the spring who was still in contact with the delegates from the towns (Lefebvre 1973:72).

The outbreak of the Great Fear started in a few different locations—six to seven depending on the author (Elster 2011:318)—and quickly spread in waves throughout France, only leaving some regions untouched by the turmoil. The tocsin would sound as the news of brigands approaching arrived. This militarized villages and towns alike: men armed themselves, built barricades, arranged patrols and sentries. In the towns, provisions, gunpowder and munitions were collected. The conflation of treacherous émigrés, the princes and the aristocracy,
the conspiracy with the foreign monarchs, and the fearful brigands in the minds of the rural populations inspired strong sentiments of nationalism, revolutionary solidarity, and hatred against the privileged classes (Lefebvre 1973:161-162). Fear of the brigands compounded with the anger against the seigneur and pushed for all kinds of anti-seigneurial actions: “violence against persons or property, invasion of castles with varying degrees of damage, destruction (rather than seizure) of food sources, coerced renunciation of rights, seizures of land charters, damage to seigneurial mills, ovens and winepresses, refusal to pay rent” (Elster 2011:321).

By militarizing the peasantry, strengthening class solidarities with urban dwellers and other peasants, and intensifying hatred against the aristocracy, the Great Fear had a major consequence on the organizational structure of the countryside. In Lefebvre’s words:

Thanks to the fear, the idea of taking up arms reached the country towns and villages. It tightened the bonds of solidarity which linked the town and the countryside around it as well as the towns themselves, so much so that in some provinces the origin of the local federations may be found to date from the last days of July…It was by and large a rough attempt at a mass levy of able-bodied men and during this general mobilization the warlike spirit of the Revolution was often displayed… If the people rose, it was to frustrate the conspirators, not the brigands or the foreign troops who were only the tools of the nobility: it was to complete the defeat of the aristocracy. In this way, the Great Fear had a very profound influence on the social struggle through the stormy reaction it engendered: class solidarity was startlingly obvious between members of the Third Estate—they reached a deeper realization of their own strength and power (Lefebvre 1973:203-204).
By the end of July, the National Assembly had not talked about the possibility of supressing seigneurialism. Their task was to draft a constitution for a liberal monarchy that respected tradition and propertied interests. However, the peasantry saw national events differently, and when the threats of an aristocratic conspiracy emerged, peasants were ready to jump to defend their interests and the fate Assembly, which for them were undistinguishable. This would represent one of the most important peasant interventions in the revolution, creating the conditions for the abolition of feudalism on the night of August 4, 1789 (Markoff 1996).

The second major intervention of the peasantry in the course of the revolution occurred during the October Days of 1789, when a group of mostly women forced the king to move from Versailles to Paris, making him hostage to the Parisian crowds. After the October Days, once the king was forced to accept the reforms that brought down the seigneurial system, the deeper divisions within the peasantry would begin to emerge. Indeed, they were all members of the Third Estate—laboureurs and journeymen, tenants and squatters—but they were from very different walks of life. As the reconstruction of the state began, it became evident that the interests of the rural population were often at odds with the urban masses, especially when it came to the price of their produce or the suppression of religion. It also became evident that the interests of the different strata of country-dwellers put them at odds with one another when it came to the questions of collective rights, common lands, the distribution of the tax burden, and the sale of the biens nationaux. By the end of 1790, the peasantry was no longer a homogenous social force as it had been during the revolts of 1789.

Nevertheless, by the time the peasantry retreated away from the revolution, rural mobilization had already brought down seigneurialism, and contributed, along with the
radicalized urban actors, to foreclose the possibility of re-establishing political order through the allocation of exclusive privileges and private goods. Furthermore, the patterns of popular mobilization during 1789 and 1790 further weakened village life around personalistic relationships, and opened instead new organizational channels through impersonal relationships based on class solidarities that integrated the rural population into the national political arena.

4.2.3 Organizational Openings and the Reconstruction of State Sovereignty: the Abolition of Privileges and Intermediary Bodies

The patterns of popular mobilization during the early years of the revolution (1789-1792), both in the countryside and in the urban centres, undermined already weak local allegiances, laying down the seeds for a new kind of contentious politics, one driven by the impersonal and autonomous organization of the lower classes. This pattern of popular mobilization defined the institutional features that began to delineate the autonomy of the French state after the fall of the Monarchy: the abolition of privileges and the abolition of corporations and other intermediary bodies. Significantly, these two features, along with the administrative reform of 1790, would be the only institutional legacies of the Revolution that would not be reversed by the Thermidorian reaction and the subsequent regimes after 1794. They were crucial in foreclosing the possibility of consolidating political order again through a spoils system, since they imposed de jure restrictions for the political allocation of particularistic privileges (private goods) and for popular mobilization along personalistic relationships. They were the institutional foundation of the legal fiction that the French Revolution created around the General Interest. As I argue in the next chapter, the political instability of the 19th century was the result of the
convulsive process whereby French society acquired the *de facto* conditions—the “political reality” in Rosanvallon’s terms—to uphold this fiction.

### 4.2.3.1 The abolition of privileges

The peasant revolts of the summer of 1789 emboldened and alarmed the revolutionary leaders, at a time when the National Assembly was in the midst of the political confrontation with the king for the drafting of the constitution. Revealingly, the hordes of country-dwellers, which included agricultural workers and sharecroppers but often also *laboureurs* and bourgeois lease-holders, that attacked castles throughout France were focused on destroying the main symbols of seigniorial oppression: the records of outstanding dues. The members of the Assembly understood the message without hesitation. The decree of 4, 6, 7, 8 and 11 August 1789 was thus a response to the demands of the rural populations concerning seigneurial privileges, ecclesiastical fees, and the question of collective rights and land distribution. Even though many of these reforms would be watered down in the subsequent years, in ways that antagonized parts of the peasantry and pushed many to the counter-revolutionary forces, they marked the end of the feudal regime and began to dismantle the system of particularistic privileges.

The night of 4 August 1789, the feudal regime “in its entirety” was abolished, starting with those seigneurial rights and duties related to personal serfdom: seigneurial dues (*cens*) and restrictions over vassals to leave a seigneurie (*mainmorte personnelle*, which still survived in some parts of eastern France) or to transfer a lease-holding to anyone not directly related by family ties (*mainmorte réelle*, which was still prevalent in most provinces). Moreover, the

The decree then continued with a list of sundry privileges that were also suppressed, albeit considering compensation and noting the need for further legislation before the reforms could become effective (Jones 1988:82). The list is informative as an inventory of the intricate fabric of petty exclusive benefits under which the Ancien Régime operated: rights to raise and kill pigeons, hunting rights, seigneurial courts of justice, the ecclesiastical tithe, rents and harvest dues, venality of offices, surplice fees of parish priests, tax exemptions, special privileges for territorial jurisdictions (provinces, principalities, pays, cantons, cities, and communities), civil distinctions, restricted access to trades and professions, ecclesiastical levies, and special pensions (Assemblée Nationale Constituante 1792:365-371).

The decree, however, was not enough to convince the revolutionary peasantry that those gains would remain. The unwillingness of the king to sign the decree raised suspicions and discontent in the countryside. It was one of the underlying factors behind the October Days. Finally, the abolition of seigneurialism was made law in November, but the seigneurs and other vested interests of the feudal system—i.e., tax farmers and tithe collectors—tried to save as much as they could from the old regime, sparking additional discontent among the rural populations. In August 1789, the destruction of feudalism “was largely nominal” and would have to wait until the radical measures undertaken in August of 1792 after the Parisian uprisings, and later under the National Convention, to become definitive (Jones 1988:122). The decree of August 25 1792 finally outlawed pending harvest dues, while the decrees of July 1793 finally ordered the burning of all feudal deeds and the definitive suppression of any unsubstantiated dues, with the exception of ordinary ground rents (Jones 1988:93).
The struggle over the tithe was the turning point in the relationship between the revolutionary leadership and the poorer country-dwellers. Tenants and landless peasants came out of the reforms over the tithe empty-handed and feeling deceived by the National Assembly. The decree of August 1789 in principle abolished the tithe, but pointed out that ecclesiastical rents should continue to be paid until the reorganization of the church—and its services regarding charity, education and hospitals—was completed. In November, the state nationalized ecclesiastical properties and with them the running-costs of the church. This raised the need to recoup some of those expenses, at least until ecclesiastical properties were sold off, which made temporarily maintaining the tithe an attractive financial solution for many in the Assembly (Jones 1988:98). An additional difficulty came from the tithe-farmers, individuals that had paid in advance for the right to levy the tithe from the populations, and who then had a claim over those unredeemed dues as their private property.

In April 1790, the Assembly decreed that the abolition of the tithe would come into effect on January 1, 1791, stating that the rural population, proprietors and tenants, would have to pay the tithe of the 1789 harvest to the church and of the 1790 harvest to the state, but would be unburdened after that (Jones 1988:98-99). Tithe-collectors would be compensated directly by the state. On December 1790, however, the Assembly emitted a new decree, stating that tenants and sharecroppers who had been subject of the ecclesiastical tithe before the decree of April 1790 would continue to pay its value to the proprietors, under the excuse that those were the conditions under which they had taken the lease of the land and that they should contribute to pay for the direct taxes levied on the property (Jones 1988:99). This so-called neo-tithe or bourgeois tithe was a political gambit by the Assembly to cajole the support of landowners at a time when the oncoming war and conspiracies of the émigrés put the revolution in a precarious
footing. Sharecroppers and tenants were unlikely to form a strong counterrevolutionary force, if anything, what they demanded was a more radical revolution (Jones 1988-100-102).

Finally, the third major source of peasant grievances was related to the encroachment of communal lands and the attack on collective rights for the peasantry. This presented an inherent contradiction in the demands of many country-dwellers, where, on the one hand, they demanded private property rights unencumbered by seigneurial dues, but, on the other, they also sought to maintain collective rights over their richer neighbours (Jones 1988:125). For the legislators combating feudalism, collective rights related to common grazing, gleaning, wood-cutting, and access to fallows and servitudes were part of the edifice that they were trying to bring down.

Poor country-dwellers lost the battle over the abolition of the tithe, but they won the one regarding collective rights. However, the survival of collective rights and common lands did not fundamentally alter the capitalist logic that had already penetrated the French countryside. The Rural Code of 28 September-6 October 1791 was a compromise between the position of the predominantly propertied representatives in the Assembly and the general sentiment of the rural populations, acknowledging the rights of fallow grazing after the first harvest (Jones 1988:129). The Rural Code did not provide a clear solution to the question of common lands, however. A year later, another decree revoked the droit de triage (the partition of the commons in benefit of large landowners), and offered villagers the possibility to demand the restoration of previously taken common land (Jones 1988:139). A decree in June 10, 1793, under the National Convention and based on a radical view of agrarian reform that advocated the egalitarian distribution of land as private property, established a new set of mechanisms for the partition of the commons (Convention Nationale 1793). This partition generated, as expected, significant strife and manoeuvring by peasants and landowners alike. After the Thermidorian reaction, the Convention
imposed a moratorium on these enclosures. These partitions did not produce the smallholder peasantry that agrarian Jacobins sought with the decree of June 1793. Moreover, a decade later, the small beneficiaries of the short-lived process of egalitarian enclosures had already sold their plots to larger landowners in their regions, especially as the public auctioning of the biens nationaux (the confiscated land of the church and the émigrés) exacerbated the appetite of landowners to consolidate large estates (Jones 1988:148-154).

To summarize, bourgeois landowners, tenants, sharecroppers, agricultural workers, and squatters got together at the beginning of the revolution to fight against seigneurialism. Once this was achieved, it became clear that there was no univocal peasant programme that the revolution could adopt. The stratification of rural society had already set the economic interests of these actors too far apart. As a result, some groups benefited more from the abolition of seigneurialism than others. Laboureurs and landowners celebrated the suppression of harvest dues, while landless peasants gained from the abolition of other seigneurial rights related to coercive labour, legal fees, monopolies and exclusive rights for hunting and fishing. As Jones puts it: “the rural revolution gathered momentum precisely because the ramifications of seigneurialism reached into every peasant cottage” (1988:259). Other revolutionary outcomes, however, produced more unequal benefits. The reconfiguration of the tithe, in particular, had this ambiguous effect, since landowners were exempt from pecuniary obligations related to the upkeep of the state church, while tenants and sharecroppers continued to shoulder its burden. This was one of the events that fragmented the rural insurgency, and while peasant and bourgeois proprietors continued to support the work of the National Assembly, tenants, sharecroppers and landless peasants progressively became disillusioned with the revolutionary governments (Jones 1988:261).
How did these transformations regarding the commons and seigneurial privileges affect rural communities after the revolution? Briefly put, the revolution highlighted internal divisions within rural communities and intensified local inequalities. Indeed, the seigneurs of the past were gone. The land settlement of the revolution marginally increased the number of small holders in some regions (especially in the South and South East where under-exploited land was available), and collective rights allowed a subsistence rural economy to survive in other parts of the country. The communities left behind, however, were not closed and egalitarian villages. Economic interests diverged between landowners and tenants, and between the landed peasantry and agricultural day labourers, plot farmers, squatters and the rest of the rural poor. Landowners benefited from the revolution as they often enlarged their holdings by acquiring church lands auctioned as biens nationaux. The poorest country dwellers, on the other hand, found themselves still subject to significant dues, now in the form of taxes, but without the charitable services that parishes delivered before (Jones 1988:264). These internal divisions implied that communal identities and parochial solidarities would not be organizational resources available to mobilize the countryside. Instead, rural communities came out of the revolution more stratified and politically polarised than ever before (Jones 1988:258-261).

4.2.3.2 The abolition of intermediary bodies

The fight against privileges was part of the popular component of the revolution; it was not part of the political crisis that initially broke out between the king and the nobility. However, the revolutionary leadership was immediately captured by the thrust of this struggle. Particularism had fragmented society and opposed citizens against one another. In consequence, many revolutionaries believed that the new social order should prevent particularistic interests
from forming again. Intermediary bodies—religious orders, the three estates, the guilds and corporations that restricted access to trades—were indelibly associated with the allocation of exclusive privileges by the old regime. Once privileges were abolished, the revolutionaries turned to the question of intermediary bodies, often with little regard to the functional role that they served to regulate, discipline, and organize society.

Drawing strength from the radical popular movements that pushed for the abolition of corporate privileges, the revolutionaries claimed that the values of social unity and equality could only be preserved if any other form of loyalty and solidarity was removed. The political bond should be one between citizens and the state. Anything standing in between, either as a sub-national form of authority or as a mechanism to articulate the collective interests of a group, inspired suspicion. For instance, in his address to the Legislative Assembly in the spring of 1792, Pierre Athanase Torné approached the topic of the dissolution of secular congregations as a matter of building the general interest by dissolving other forms of collective organization:

Sound policy compels you to dissolve the secular congregations as well as the religious orders. What an obstruction is to the human body, a corporation of citizens is to a political body. (Applause) The members of each corporation live in I know not what commonality of interests, opinions, and sentiments that goes by the name esprit de corps, and this particular spirit is ordinarily a diversion of the public spirit. The more individuals are attached to the smaller whole of which they are members, the less attached they are to the fatherland. (Applause)... Let us therefore abolish all that remains of corporations in the Empire. Each esprit de corps that is snuffed out inflames the public spirit all the
more, and the members of the dissolved societies become so many conquests for the general society (Torné cited in Rosanvallon 2007:18).

The Abbé de Sieyès, one of the earliest and most durable voices of the revolutionary leadership, had already advanced this view of an opposition between the general interest embodied by the state and the myriad particularistic interests represented by societal organizations. As Pierre Rosanvallon points out, Sieyès’s view went specifically against the notion that the general interest was merely the aggregation of particular interests (2007:15). Instead, for the revolutionaries, the general interest could only survive at the expense of particularisms. This logic was taken to its most nefarious extremes with the Terror under the National Convention. It was no coincidence that the name of the Committee of Public Safety (Comité de salut public) came out of Sieyès’s view that “the public welfare [salut public] requires that the common interest of society be maintained somewhere, pure and unadulterated” (Sieyès cited in Rosanvallon 2007:15). For the more moderate versions of this republican view, only the general interest and the individual rights of the citizen had a place in the state. Any intermediate interest that would inspire a sense of collective identity different from that of the nation represented a return to the fragmentary and particularistic forms of the old regime.

The attack on intermediary bodies began with the laws d’Allarde (17 March 1791) and Le Chapelier (14 June 1791) that suppressed corporations, guilds and the right to strike, and culminated with the suppression of secular congregations on 18 August 1792. Corporations had weathered previous attacks, first by Turgot in 1776 and then, of course, during the abolition of privileges on the night of August 4, 1789. However, they would survive for another eighteen months before they were finally swept away by the revolution. Part of the reasons why the
corporations—the communautés d’arts et de métiers—survived longer than other types of particularistic privileges was because they often contributed to the cause of the revolution through donations and public expressions of support (Kaplan 2001:504). As the organizational basis for the urban populations, the support of the corporations was a valuable asset to the revolutionary leadership.

However, as the revolution unfolded, the costs of being a member of a corporation began to surpass its benefits. The corporations were forced to spend a growing portion of their revenue to maintain their untenable position in the eyes of the revolutionaries. On this point, Steven Kaplan mentions, as an example, a letter received by the Assembly in 1791 with the signatures of 2316 citizens from Lyon demanding the suppression of corporations, since “they are a source of inequalities and are incompatible with the laws of Nature and the spirit of the Revolution” (Kaplan 2001:515 my translation). As demands like this one proliferated, it became too costly—and even dangerous—for corporations to act against breaches on their monopolies. Members realized that the private benefits that they obtained from the corporations were declining, so stopped paying their quotas and abandoned them to join instead the revolutionary groups. As Kaplan puts it: “Given the new circumstances, members of some corporations transferred their allegiance from their small institution to the vast community that had just taken shape, deciding that from now one they would be citizens rather than master craftsmen” (Kaplan 2001:511 my translation).

In other words, the fight against privileges emerged from the impersonal patterns of popular mobilization, triggering a snowball effect whereby, as the returns of certain privileges decreased, their former beneficiaries joined the revolutionary cause to bring down the rest of the spoils system. The behaviour of craftsmen during the early days of the revolution provides
evidence of the conditions under which members of personalistic organizations find it in their best interests to switch to more impersonal forms of popular mobilization: (1) the declining returns of particularistic privileges, and (2) the availability of other organizational resources.

As corporations were weakened and citizens demanded the dissolution of monopolistic privileges, the Assembly set out to reorganize the trades and professions. The discussion around the abolition of corporations, which led to the law d’Allarde, was dominated by the Comité de contributions publiques (the committee in charge of taxation), rather than by the committee in charge of agriculture and commerce. Specifically, the text of the law was framed in terms of the creation of a new business tax on trade and industry, in exchange for recognizing freedom of commerce for every citizen and explicitly abolishing the monopolistic privileges of the corporations (Kaplan 2001:516). In the law d’Allarde abolition of corporations was framed as a matter of freedom and property, particularly in terms of freedom to work and sell one’s labour, and found significant support amongst the general population.89

The law d’Allarde had not been merely a technocratic action to reform the fiscal system or an intellectual effort to achieve ideological consistency, it was a major intervention in the economic structure of the country that reconfigured the world of labour relations (Kaplan 2001:551). It coincided with a moment of heightened popular mobilization, when popular societies began to proliferate in Paris and in many of the provincial cities, articulating and coordinating the demands of artisans and workers. The closure of workshops and the first period of major inflation intensified economic hardship and produced skirmishes in the streets.

89 Interestingly, the passing of the business tax (patente) was implicitly negotiated with the population in exchange for recognizing the right to work for every citizen. A similar case where the state succeed in extracting revenue through increased taxation occurred in the 1920s, with the passing of a regressive sales tax negotiated with organized labour in exchange for the expansion of welfare services.
Craftsmen assembled a force of 80,000 workers to demand higher wages, raising the alarm bells among the bourgeois leadership amongst which many called for “cannon to teach the canaille a lesson” (Williams 1989:28). It would be in this context that the revolutionary leaders, trying to gain control over the popular revolts, tied the fate of the political movement to the actions of the popular classes.

If the law d’Allarde addressed the issue of corporations as a matter of economic freedom, the law Le Chapelier addressed it three months later as a matter of social cohesion. Isaac Le Chapelier, the deputy from Brittany that authored the law, famously stated:

> It must of course be permitted to all citizens to assemble; but it must not be permitted to citizens of certain professions to assemble for their so-called common interests. There are no longer corporations in the state; there is no longer anything but the particular interest of each individual and the general interest of the state. It is not permitted to anyone to inspire in citizens an intermediary interest, to separate them from the public interest by a spirit of corporation (Le Chapelier cited and translated by Friedland 2002:273).

The law did not forbid the right of assembly but it prohibited the formation of permanent associations and, in particular, it foreclosed the opportunity for organized groups to interact with the state as formal organizations (Kaplan 2001:560). Employers and workers, entrepreneurs and artisans were not allowed to choose representatives or to deliberate and develop guidelines to pursue their common interests, nor could they circulate written materials, publicly promote their causes, or make petitions to the state (Kaplan 2001:596). The goal was to build a society of individuals; a society where only individuals, sovereigns in their own private sphere, could
address the state, the only legitimate collective entity whose sovereignty emerged from the collective wills of all citizens.

The law was indeed motivated by the imperatives of ideological consistency of the revolution, but it was also an effort by the leadership to restore social order after popular revolts and conflicts escalated during the spring of 1791. By abolishing the compagnonnages, the goal was to prevent the insubordination of the workers, removing the possibility for the urban poor to organize as workers and compagnons. In practice, of course, the law had a harsh effect on workers and journeymen, who by losing the right to organize in compagnonnages were now forced to negotiate their contracts individually. It was thus an attempt to rearrange labour relations after the disarray caused by the law d’Allarde, as much as a strategy to police and discipline the popular classes in ways that remained consistent with the liberal thrust of the early days of the revolution. It would have, however, a major unintended effect for the short-term unraveling of the revolution. By disrupting the traditional means of collective action, the law Le Chapelier pushed the workers to join the revolutionary committees and popular societies, which represented the only public arena where they could legitimately express their demands. In doing so, the revolutionary project became inextricably tied to its most radical popular component. This was the genesis of the sans-culotte movement as a formal organization, and it marked the beginning of the organizational transformations that French republicanism would force on civil society (Soboul 1964; W. H. Sewell 1990; Williams 1989; Kaplan 2001).

The abolition of privileges established the legal foundations of a state built as an embodiment of the public interest and not as a distributor of exclusive goods. The abolition of intermediary bodies and the organizational repression that followed was only taking this view of the state to its logical consequences. Significantly, the revolutionaries were aware of some of the
functions that intermediary bodies played in society, especially those related to the delivery of essential social services. They knew that the embodiment of the general interest by the state would have to manifest itself by taking over the supply of those services and delivering them as universal rights rather than exclusive privileges. For instance, as part of the debates on secular congregations, Jean-Baptiste Massieu argued to the Assembly:

All these associations are by their nature involved in functions of paramount social interest: educating the young, teaching religion, training ministers, caring for indigent patients. Yet in order to perform duties of such consequence and importance for the welfare of the public, is it necessary to belong to any corporation whatsoever? Are these functions not equally well discharged in governments that do not recognize establishments of this sort?... Let us establish national education instead... Let us organize a general establishment of public assistance to care for impoverished patients (reproduced entirely in Aulard 1903:205-209; translation from Rosanvallon 2007:269 fn25).

In other words, popular mobilization pushed the revolution into a very explicit effort to found the state as a supplier of public goods rather than as the centre of a spoils system. The revolutionary leadership did not foresee, however, the role that societal organizations play in preventing the capture of the state by private interests. As a result, the century-long repression of organizational life that began in 1791 and concluded in 1901 had two crucial effects on the political development of the French state. First, it created the fiction of a general interest expressed through a social contract, but suppressed the political condition that makes it
empirically possible: the monitoring mechanisms that insulate the state from capture by private interests. The repeated breakdowns of political order between 1789 and 1871 were the result of the tension between the republican groups that sought to enforce this fiction of the general interest at all costs and the private actors that recurrently tried to encroach on the state.

The second effect that organizational repression had on French political development was that, even though societal organizations continued to exist despite the laws Le Chapelier and d’Allarde, they were forced to voice their demands in ways that were consistent with the fiction of the general interest, that is, as demands for public goods. This meant that, inadvertently, the repression of intermediary bodies contributed to weaken personalistic organizations and force them to adopt the internal structure and programmatic demands of impersonal organizations. Only once this transformation was accomplished during the Third Republic could political order be consolidated as a social contract. I discuss how that process occurred in the next chapter.

4.3 Mexico: Independence and Parochial Political Organizations

Ironically, the Mexican War of Independence began in France, with the invasion of Spain by the Napoleonic armies and the capture of King Fernando VII in 1808. Throughout the next fifteen years, the evolution of the conflict in the American colonies followed the ups-and-downs of the struggle between Napoleon’s forces, Fernando VII’s absolutist ambitions, and the liberal project of provincial notables in Spain.

The fall of the Spanish Crown under Napoleon in 1808 generated a vacuum of authority in the colonies. This vacuum opened the political arena for two groups to contend for power and to try to advance alternative state-building projects. In the New Spain, the Viceroy José de Iturrigaray empowered the creole elite of Mexico City by relying on the local council (cabildo)
to govern, and pushing forward an autonomist agenda that undermined the political privileges of Spanish bureaucrats. In response, a group of powerful Spanish (gachupines or peninsulares) merchants and senior magistrates staged a coup to topple the viceroy and impose instead a civil-military regime under Pedro Garibay, which would try to restore Spanish absolutism. The coup incensed Mexican elites, who had developed expectations about a possible reform towards home-rule (Hamnett 1986:20-21).

The tensions finally ignited in September 1810. A conspiracy of creole elites, led by the priest Miguel Hidalgo, took up arms to oppose the gachupin coup, pushing forward demands for self-rule while claiming their loyalty to the imprisoned king. Initially the leaders of this dissident provincial bourgeoisie tried to subvert the regular army and to use their support to seize power. When they failed to do so, these creole insurgents turned instead to the rural populations and their panoply of local grievances: “administrative abuse, fiscal pressure, removal of customary rights, land and water disputes, land encroachments, or alterations in mining practice” (Hamnett 1986:100). The uprising quickly attracted large numbers of peasants, ranchers, and other indigenous and non-indigenous rural labourers who joined the rebels, providing them with an unexpected military force while also derailing Hidalgo’s more moderate goals and strategies.

After taking over several cities in central Mexico and a violent frenzy against peninsulares and their property, Hidalgo’s army stopped short from taking over Mexico City and moved instead towards Guadalajara by the end of 1810. There he installed a short-lived insurgent government. In January 1811, the rebel army faced a series of defeats by the royalist forces that

90 The distinction between peninsulares (whites born in Spain) and criollos (whites born in the New Spain but of European descent) was source of resentment amongst elites in the New Spain, who despite their ethnic and cultural similarities to Spaniards were denied access to high-level administrative positions, limited political representation, and unequal access to economic opportunities.
by now had recovered from the initial surprise of the uprising. By the summer, Hidalgo and many of the rebel leaders had been captured and executed, and the insurgent army disbanded.

For the next few years, the struggle continued under the leadership of another priest, José María Morelos, who managed to keep on fighting although the rebel army was fragmented and mostly reduced to guerrilla strategies. By 1815, he was also executed and the insurgent movement dwindled into a flurry of rural revolts and banditry.

The defeats of the insurgents coincided with the return of Fernando VII to the Spanish throne, after British forces defeated the Napoleonic armies. As the king re-imposed absolutism in Spain, abolished the Cadiz Constitution of 1812 and recovered control over the army and the administrative apparatus of the Empire, the insurgent movements in the Americas became weaker. In the New Spain, the large popular component of the rebellion had been largely defeated, maintaining a stronghold of guerrilla fighters and riotous communities in the Pacific coast of Michoacán and Guerrero.

The struggle would only reach an end in 1821, after the liberal revolution in Spain weakened again the King’s control over the army and a renewed push for liberal reforms swept the Empire. As royalist control of the provinces eroded again, Agustín de Iturbide, a high-ranking creole officer of the royalist armies in the New Spain, switched sides and forged an alliance with the leaders of the remaining insurgent forces. Finally, this alliance of Iturbide’s army and the insurgents negotiated with the last Spanish viceroy the departure of the New Spain and the birth of Mexico as an independent nation.91

Differences in the patterns of popular mobilization in France and in Mexico determined the transformative thrust of each revolutionary movement at the local level. As discussed in the previous section, the French Revolution of 1789 was marked by the radicalization of urban-dwellers, the political mobilization of an autonomous peasantry, and the alliance between the peasantry, urban artisans and radical middle classes to abolish a social structure based on privilege and a political system built upon corporate bodies with unequal connections to the state. Conversely, the popular component of the Mexican War of Independence was controlled by local and communal elites, which attempted to secure their individual position in their localities and to protect the privileges of their communities.

It is a commonplace to say that the Mexican War of Independence was a “backwards looking” movement rather that a “forward-looking” revolution. Forment, for example, refers to the work of François Xavier Guerra and Eric Van Young as interpretations of the Mexican War of Independence that situate it as the “the first reactionary and antimodern revolution to have taken place in the West where an entire nation (not just a few villages as in the case of the Vendée) rebelled in defense of Catholicism, colonialism, and monarchical rule” (Forment 2003:fn7). Why was popular mobilization different in 1789 France and in 1810 Mexico?

Three factors interacted to shape collective action along local and personalistic relationships: (1) the strength of local allegiances as a result of the economic structure and land tenure patterns of the Mexican countryside; (2) the spatial fragmentation of the Mexican territory with few, small and poorly interconnected urban areas; and (3) the absence of the communicative infrastructure for the popular classes to articulate their common interests across geographical distances.
First, even though there was an incipient capitalism emerging in the New Spain towards the end of the 18th century, labour relations were predominantly outside the market economy. No agricultural or industrial revolution took place in the country until the mid-19th century (Hamnett 1986:33). Rural communities remained untouched, often structured around the same social relationships of the pre-colonial era. Indigenous villages maintained a high degree of social insularity. These villages were characterized by prohibiting “the entry of outsiders” and limiting “membership through ascriptive rules of birth”, as well as “a tendency to endogamy”, “localocentric mental attitudes (campanillismo)”, “communal control of land resources”, and a “prestige economy whose object was to convert economic wealth into local social status” :61). Consequently, peasant uprisings were driven by demands of local autonomy and respect of traditional rights rather than a populist state-building agenda (Van Young 2009:415).

Second, the little integration between the different cities of the New Spain influenced the rural nature of popular mobilization and the geographical fragmentation of the insurgent armies. Although Mexico City represented by far the largest urban conglomeration in the New Spain, smaller cities like Guadalajara, Guanajuato, Querétaro and Puebla also developed as independent market centres for their own rural hinterlands. These cities served as regional capitals with very weak spatial integration with one another (Van Young 1988:144-145). This pattern of geographical development was the result of the mercantilist institutions that characterized Spanish colonialism in the region, which restricted internal trade across provinces and colonial territories (Lange, Mahoney, and vom Hau 2006; Mahoney 2010). The weakness of inter-regional economic integration not only affected “market development, economies of scale or real economic growth”, but also, as Eric Van Young suggests, “allowed only a low degree of social division of labour and therefore a weak class structure and vertical, or socio-political
articulation” (Van Young 1988:145). In other words, the weakness of inter-regional exchanges strengthened local and regional allegiances and hindered the emergence of nation-wide, class-based, collective identities.

Third, the popular classes in Mexico lacked the communicative infrastructure to articulate their shared interests and develop common collective identities. In France, the call for the Estates General and the proliferation of the *cahiers de doléances* created the space for the thematization of national demands by local groups all over the country (Taylor 1972; Hunt 1978; 1984), which would turn their violent entry into politics into a state-building project that referred to the nation and the general interest to fight against local abuses and corporate privilege. This kind of political opening that attracted the participation of the geographically scattered popular classes into national politics did not occur in Mexico (Van Young 2006:73). The imprisonment of Fernando VII, the resistance against the Napoleonic invasion by the Junta Central in Spain, and the autonomist projects of creole elites in the Americas, gave little space for peasants and rural labourers to get involved in national politics. Instead, when Hidalgo’s revolt began, these rural populations and their local leaders were motivated to join the uprising by a combination of fear and rumours, Catholic millenarianism and parochial rivalries. These groups saw in the conflict not a fight against privilege, but rather an opportunity to demand the restoration of corporate privileges, such as communal lands and local autonomy (Hamnett 1986:43; Van Young 2006:82-83; 2009:415; Forment 2003:39).

In sum, the patterns of popular mobilization in Mexico perpetuated and even strengthened power relations and social relationships at the local level. Consequently, these parochial solidarities empowered intermediaries and shaped the interaction of civil society with the state during the 19th century.
4.3.1 Agrarian Structure and Social Relationships during the Late Colonial Period

Mercantilism was the economic strategy that the Spanish Crown brought to the colonies in the 16th century, imposing restrictions on trade, property ownership and economic and political participation with the goal of extracting as much short-term wealth as possible (Mahoney 2010:21). These mercantilist institutions empowered certain actors—guilds, indigenous authorities, estate owners, and Spanish merchants—at the expense of others—-independent tradesmen, local merchants, and the general peasant population. The economy of the New Spain only began to change with the reforms that the Bourbon monarchs implemented in the mid- to late-18th century. Many of these reforms tilted the economic policy of the Crown in a more liberal direction, allowing for more free trade and competition, which expanded the commercialization of agricultural products, made manufacturing grow, and increased trade.

The penetration of capitalism into the New Spain created commodity markets but took much longer to transform labour relations. In most parts of the New Spain, peasants that operated outside the market economy continued to carry the burden of intensive agriculture: debt peons, sharecroppers and various types of estate residents that worked for food rations, as well as indigenous villagers that cultivated communal lands. This meant that by the time the War of Independence started, the incipient capitalism of the New Spain had not disrupted, in most cases, the local social relationships that regulated pre-existing practices of labour extraction.

By the end of the 18th century, the same social relationships that regulated the extraction of labour also defined political authority and representation, often blurring the distinction between the state and civil society. The representation of interests and the enforcement of political authority were conflated in the same actors: the bureaucrats appointed by the Crown, as
well as the local elites that served as gatekeepers and brokers of the relationship between the state and the population.

The Spanish colonial system was based on the legal and social segregation—albeit not always geographical segregation—of Spaniards and Indians, where corporate privilege marked the relationship between the different groups and the state (Lockhart in Bethell 1984:266; Buvé 2003:3). Spanish society in America was mostly concentrated in urban areas, which represented the administrative and legal jurisdiction for Spaniards of the entire province, even for those leaving far from the city’s outskirts (Lockhart in Bethell 1984:266-267). In Van Young’s words, urbanity was the “summum bonum of civilized life, but in which elite status might well be underwritten by large rural estates worked by subordinate, or even enslaved laborers” (2001:511).

Large agrarian estates usually had a presence in the nearest city, where the owners lived next to the administrative and military officials, the members of the clergy, the educational centres, and the groups of merchants and artisans (Florescano in Bethell 1984:172). Rather than developing a dense network of urban nodes that could sustain a national market and larger economies of scale, the mercantilist bottlenecks of the colonial institutional framework generated a constellation of small provincial capitals that served as economic and administrative centres for their own rural hinterlands, with Mexico City at the centre always mediating exchanges across provinces and between the provinces and Spain.

In these urban areas, especially in Mexico City, the stranglehold of the Spanish administration was visible and powerful. Creole elites could sometimes participate in local affairs, but their access to high-level administrative positions remained restricted. Non-Spanish urban dwellers—uprooted indigenous peoples, mestizos and members of the castas—were also
part of city life and fell within its administrative boundaries. These poorer classes lived side-by-side with the rich, due to the symbiotic relationship produced by an overgrown service economy (Van Young 1988:151).

If cities were the administrative centres, the countryside was the economic engine of the New Spain. Natural resources and labour were extracted in the rural areas, and the wealth transferred to the cities and to Spain. By the late colonial period, the extraction of wealth in the countryside relied on two socio-economic institutions that replicated the formal segregation between the Spanish and Indian worlds.

On the one hand, large latifundia—haciendas—emerged by the 17th century. These haciendas were the result of the Crown’s attempts to populate the new territories with European settlers and the need to attract a scarce labour force (Florescano in Bethell 1984:164). As these estates became the main suppliers of foodstuffs for the mining and urban areas, hacendados adopted several strategies to secure that labour force. First, through institutions like the repartimiento (draft labour) they were able to gain access to a permanent workforce from the neighbouring indigenous villages in exchange for wages (Florescano in Bethell 1984:165). Second, hacendados offered small plots of land to attract resident workers that would live in the hacienda and work as peons, paying them wages or, more frequently, providing lodging, clothing and food rations. Another strategy was to rent out part of their lands to tenants in exchange for part of their harvests or for their labour in the proprietor’s crops during sowing, weeding, and harvesting seasons, which produced labour relationships based on sharecropping (Florescano in Bethell 1984:169). Finally, debt peonage also appeared as a strategy to secure a permanent workforce in the hacienda, where landowners would pay the tribute of their resident workers to the royal treasury officials, cover the fees charged by the priests for marriages and other
sacraments, and often advance credit to the labourers to pay for their debts in the *tienda de raya* (the only local store, owned by the hacienda, where labourers could purchase goods) (Florescano in Bethell 1984:168-169). As a result, resident peons were financially tied to the hacienda and could not evolve into a free and mobile labour force. All of these different strategies of procurement of labour turned the hacienda into a somewhat enclosed social and economic unit, where the interaction with the outside world—especially the emissaries of the Crown and the regional market economy—were always mediated by the landowner or the manager of the hacienda (*mayordomo*) (Wolf and Mintz 1957:391-393; Florescano in Bethell 1984:168; Van Young 1981:110). In the cases where indigenous villages and haciendas co-existed as neighbours, the landowner or the *mayordomo* and the indigenous caciques conducted the negotiation for the exchange of labour.

On the other hand, the indigenous populations of the countryside were organized in *repúblicas* or *pueblos de indios*, which were administrative and judicial units of self-rule. In many cases, the geographical boundaries and collective identities of the pueblos maintained the distribution of indigenous tribes and replicated the pre-colonial network used to extract tribute from those populations (García Martínez 1987; 2011:1927; Van Young 2001:511). The Crown thus relied on local authorities, often called *caciques* or *principales* and composed of indigenous elders or dominant families in the villages, to govern those sectors of the population (P. Guardino 1995:189; Tutino 2009:38). In other words, the Spanish Crown adopted a strategy of indirect rule in relation to the scattered peasant populations to gain access to the tributes and labour force of the rural hinterlands. Bernardo García Martínez (2011) has analyzed the indirect character of this strategy of local government by comparing its implementation in the New Spain to similar practices adopted by the British Empire in India in the 18th and 19th centuries. He
identifies ten points that capture the logic of indirect rule in the New Spain (paraphrased from García Martínez 2011:1964-1967):

1. The collective identities of the pueblos remained unaltered before, during, and often after the colonial period.

2. Pre-colonial territorial jurisdictions were kept. Although there were some demographic and relocation processes occurring around 1550, most of these changes were within pueblo jurisdictions.

3. The “native authority” was in charge of collecting taxes and administering its budget, often using pre-Hispanic tributary conventions or through the creation of cajas de comunidad (locally administered pools of local resources).

4. The “native authority” applied the traditional judicial system (usos y costumbres) to solve conflicts that did not transcend its jurisdiction.

5. The “native authority” named its subordinate officials, such as constables, bailiffs, and tax collectors.

6. European functionaries appointed by the Crown acted as advisors for the local authorities and would directly address only those issues that transcended the authority of the caciques.

7. The “native authority” could legislate according to local customary law as long as it did not contradict the principles of Spanish domination.

8. This system allowed a handful of indigenous families to improve their position in the social hierarchy.
9. The “native authority” served as a buffer, sheltering European functionaries from the most immediate effects of conflicts arising with the masses, while allowing them to access those groups through the indigenous elites.

10. Therefore, the experience of colonial domination by the indigenous populations was mediated by their own leaders.

The purpose of mentioning in detail these characteristics of indirect rule in the New Spain is to show the ways in which caciques served as intermediaries between the colonial administration and economy and the indigenous rural populations. It was precisely from this position as gatekeepers or brokers of state authority that they became significant power-holders at the local level. As Raymond Buvé indicates:

… it can be stated in general that pueblo government was headed by a gobernador and his assistants, sometimes a council or cabildo, and supervised by a Spanish colonial district officer or alcalde mayor in the provincial capital. The autonomy in internal affairs guaranteed the elected pueblo officers considerable control over the management of critical resources. They administered the village coffers, collected the taxes, supervised the periodical reassignment of plots and the renting-out of other communal property. They organized collective labour, faenas, for public works and imparted justice in cases of minor offense (Buvé 1992:5).

Therefore, the penetration of the Spanish administrative apparatus in the New Spain was not uniform and depended on local power-holders to govern large portions of the territory,
whether through Spanish or creole landowners or indigenous caciques. The facially absolutist Spanish Empire was actually mediated by these networks of local and communal elites. The mercantilist institutions built during the earlier period of the Spanish Empire and the Bourbon reforms of the 1750s had an impact on the region’s political and economic development not because they generated massive administrative institutions but because they produced fragmented societies, with poorly integrated markets and powerful local intermediaries.

Especially in the countryside, these intermediaries emerged out of the two institutions created to extract wealth and to govern indigenous and non-indigenous populations. On the one hand, haciendas represented the main supplier of agricultural commodities and labour of the colonial economy, becoming social units that isolated entire portions of the population from the market and the state. On the other hand, the pueblos de indios perpetuated pre-Hispanic forms of rule, empowering local elites and granting juridical personhood, communal property and corporate privileges to those villages. In both of these social environments, local elites played key functions of tax-collection and public expenditures, administration of land and other productive resources, extraction of labour for the accumulation of wealth as well as for public works, and, particularly, intermediation between the population and the state.

Therefore, the penetration of commercial agriculture in the New Spain was very slow by the end of the 18th century. Only in the Bajío region—the lowlands surrounding the Lerma River located in the contemporary states of Guanajuato, Querétaro, Aguascalientes and Jalisco—strong capitalist pressures developed by the early 1800s. Large estates and haciendas in this region engaged in more capital-intensive activities, often through a strategy of vertical integration of

agricultural, mining, and manufacturing sectors (Rodríguez 2012:112). Haciendas raised sheep to provide wool for the textile factories (obrajes) that manufactured clothing for the mineworkers, who in turn also consumed the foodstuffs produced by the estates (Rodríguez 2012:112-113). Additionally, these estates shifted from growing maize and raising livestock to more profitable crops (wheat, fruits and vegetables), which were in high demand in the towns and cities but were beyond the purchasing power of the peasants (Tutino 1986:377; Rodríguez 2012:116). These capitalist pressures were only strong enough in this region—and not elsewhere in the country—to uproot small farmers and tenants in numbers that exceeded the capacity of the incipient labour market to absorb them as labourers. This generated the groups of uprooted peasants that would eventually become the first responders to Hidalgo’s call to arms, as well as the destitute migrants that made the cities of the valley grow: Guanajuato, Querétaro, and even Mexico City (Hamnett 1986:199; Tutino 1986:79-81).

In the rural areas around Guadalajara and the Chapala basin, as well as in the north of Michoacán (from Zamora and Jiquilpan to Valladolid—now Morelia—Tlalpujahua and Zitácuaro), the vast availability of agricultural resources and the small peasant and Spanish populations produced a very different agrarian structure (Hamnett 1986:199). Here, the strategy of repartimiento as a form of labour draft for the haciendas survived into the 18th century (many decades after it had already disappeared in the Central highlands). The larger indigenous population, organized in peasant villages with significant autonomy and communal lands, participated in the regional economy through subsistence agriculture, craft production, and some trade in local markets. When the commercial estate economy expanded after 1750, villages and estates began to compete for scarce resources (land, water and labour), and social resentment
increased. The famines of the turn of the 19th century would then trigger confrontations between increasingly pressed villagers and the landowning elites.

The region of the Sierra Gorda (north of Querétaro and reaching into the contemporary states of Guanajuato and Hidalgo) was a heavily indigenous region, marked by a rugged and inhospitable terrain and very little presence of the Crown. However, towards the end of the 18th century, the rapid economic growth of the Bajío pushed “waves of missionaries, soldiers, secular priests, estate developers, and tenant cultivators” in this direction, putting increasing pressures on the autonomous communities (Tutino 1986:200). The indigenous villages of the Sierra Gorda took up arms shortly after Hidalgo’s uprising in an effort to redress those agrarian grievances against foreigners.

Southeast of the Sierra Gorda, the arid region of El Mezquital around the town of Huichapán (between Mexico City and Querétaro), gathered a combination of private estates and peasant villages. However, these arid lands were not appropriate for cultivating grains and depended on grazing livestock and maguey for the production of pulque (a popular alcoholic beverage) (Tutino 1986:204). Facing frequent subsistence crises, the rural population developed strong personalistic relationships with local notables, ranchers, merchants, and village caciques, who often walked the thin line of illegality and relied on banditry during periods of scarcity (Hamnett 1986:138-139).

In the Pacific Coast—In the southern part of Michoacán and in the contemporary state of Guerrero—, the hot-country (Tierra Caliente) represented the main cotton producer in the New Spain. In this area, indigenous populations were relatively small. The absence of mineral resources or an available labour force meant that Spaniards would take longer to settle in these territories. However, the tropical crops that grew here (cotton, cacao, sugar, indigo and rice)
offered a great appeal to commercially minded actors who began to enter this area in the late 16th century (Tutino 1986:185). Indigenous villages in Tecpan and Atoyac survived side-by-side with the new estates. However, the very small numbers of the indigenous population pushed estates to rely, at the beginning, on African slaves as a labour force (Guardino in Ibarra 2004:38). As these slaves mixed with the indigenous peoples, a growing population of free mulattoes became the main source of labour (Tutino 1986:190-191). Although these mulattoes could become wealthy peasants as tenants of the large estates, they were not protected by the corporate privileges of indigenous villages or the exceptions for tribute that mestizos and whites enjoyed, generating hatred against Spanish domination.

By the mid-18th century, cotton plantations in the Tierra Caliente became the main suppliers of raw materials for the textile manufacturing centres in the Bajío and Puebla. Peter Guardino has shown how the labour and trade relations that emerged around the production and commercialization of cotton generated strong personalistic ties in these communities (Guardino in Ibarra 2004:40). Two types of actors carried out cotton production: mulatto tenants and sharecroppers in the large estates and the indigenous peasants of the autonomous villages. In turn, predominantly Spanish merchants that only appeared in the region a couple of times every year paid tenants and villagers in advance for their harvests, thus creating a monopoly around the cotton trade (Hamnett 1986:145; Guardino in Ibarra 2004:40-47). When the rebellion began in 1810, estate owners, notable tenants and local merchants who did not have the capital and credit of the Spanish merchants saw the opportunity to break with their monopoly. These local elites were able to capitalize on their position as caciques and on the grievances among the mulatto population to mobilize their clienteles of peons, workers and dependents in support of the rebels,
quickly becoming high-level commanders within the insurgent leadership (Hamnett 1986:144-147; Tutino 1986:187-188; Guardino in Ibarra 2004:46).

The economic transformation of the 1750s was enough to start brewing the popular grievances that quickly exploded after Hidalgo’s call to arms. Enclosures and the growth of private estates only in exceptional cases created large numbers of uprooted peasants, as was the case in the Bajío. Having lost their traditional networks of support, these peasants were the most vulnerable to the famines generated by the shift in agricultural production away from maize to more profitable crops. However, they did not represent the majority of the rural population. Most peasants remained attached to local communities: indigenous villages or estates where reciprocal ties of trust and dependence continued between landlords and rural workers. In these cases, the grievances came out of the competition between communities for water, land and labour. In other words, different agrarian structures developed different kinds of social relationships. However, with the exception of the Bajío, these agrarian structures tended in most cases to strengthen community ties and local solidarities. When peasants took up arms to fight with or against the insurgents, they mobilized around parochial interests rather than class-based movements.

4.3.2 Patrons, Caciques, and Local Patterns of Popular Mobilization during the War of Independence

Differences between urban and rural areas in the ability of local authorities to mobilize the poor is particularly enlightening to understand the peculiarities of the popular uprisings that pushed forward the War of Independence in 1810. Revolutionary activity could not flourish in the cities because they concentrated the Spanish population and its coercive resources. Consequently, popular revolts could only occur in the countryside. The insurgent armies would
be primarily composed of peasants with very little contact with urban groups. Additionally, the bottlenecks of the mercantilist economic institutions imposed by the Spanish Crown until the 1750s had limited trade between the provinces, hindering the possibility for most of the population to experience social interactions beyond their local communities and the closest market centre. As a result, since the Crown never lost control over the capital and quickly recovered the provincial cities, popular mobilization not only remained rural but also fragmented. The insurgent armies were never able to articulate a national movement but would remain bound by their parochial origins.

4.3.2.1 Popular mobilization in Mexico City and Other Urban Areas during the War of Independence

Between 1810 and 1821, cities remained quiet and mostly under the control of the royalist forces, who by 1811 had already recovered Guanajuato, San Luis Potosí, Valladolid, Guadalajara and Zacatecas (Hamnett 1986:51). Even if they were the theatre of elite conspiracies and a coveted military objective of the insurgent armies, urban centres never witnessed any massive mobilization by the popular classes. A striking example of this urban passivity “was the failure of the Mexico City populace to rise in support of Hidalgo’s rebellion as his forces lay poised on the Valley of Mexico in the fall of 1810” (Van Young 2001:506). Similarly, the failures of Hidalgo’s army to take over Querétaro after a siege in October 1810, and Morelos’s forces to invade Puebla in December 1811 and January 1812, are related to the absence of popular urban movements willing to challenge the royalist forces in those cities (Hamnett 1986:51). Compared to the experiences of urban revolt in the French Revolution, the passivity of the Mexican urban populations seems surprising. As Van Young poignantly puts it: “…why did
the major cities of Mexico not have the equivalent of the Italian *popolo minuto*, the French *menu peuple* and *sans-culottes* or the English rioters and protesters of the early modern period and the nineteenth century?” (1988:135)

With a population of 137,000, only Mexico City emerged during the colonial period as a truly urban agglomeration by global standards, comparable to the size of second-tier European cities (Marseille, Bordeaux, Milan, Palermo, Venice) (Anna 1978:6; Mitchell 2013). However, the key difference with European urbanization was not the size of the national capitals. Although Paris was roughly five times bigger than Mexico City by the 1800s, both cities housed around 2% of the national population. It is rather in the size and importance of provincial cities where we can identify relevant differences to explain the parochial and rural nature of popular mobilization during the Mexican War of Independence. In France, several dozens of mid-sized provincial cities housed more than 20,000 people; in Mexico, except for the manufacturing city of Puebla (68,000 inhabitants), and Guanajuato (41,000)\(^{93}\), provincial capitals remained extremely small: Guadalajara (20,000), Veracruz (16,000), Chihuahua (12,000).

The very small size of the provincial capitals was the result of the economic structure of the New Spain during the late colonial period. In most parts of the New Spain, the commercialization of agriculture did not generate mass rural-urban migrations or large numbers of landless peasants. Not surprisingly, the largest cities emerged in those areas where enclosures and private estates engaged in intensive agriculture and produced large numbers of uprooted peasants that could not be absorbed as wage agricultural labour and had to migrate to the

\(^{93}\) Importantly, it was precisely in Guanajuato where the insurgent uprising began under the leadership of Hidalgo, and the only part of the country where urban-based, anti-colonial, creole elites would temporarily ally with the rebellious peasantry.
manufacturing centres: the Bajío region (Guanajuato) and Puebla. As shown in the previous section, many parts of the New Spain maintained the same community structures during the colonial period, as a result of the corporate rights of peasant villages and the mercantilist restrictions to the growth of trade and manufacturing.

The limited growth of provincial capitals meant that they could hardly be a hotbed of rebellion. These cities concentrated the vast majority of the Spanish population in the New Spain, so the “dangerous classes” in urban areas could be more easily monitored, repressed and even mobilized against insurgents (Di Tella 1973). One of the strategies implemented early on by the royalist armies was to encourage the organization of local defence forces in towns and in haciendas to fight against the rebels (Hamnett 1986:71).

If the provincial cities were these “islands in the storm”, pockets of passivity in the midst of rural violence due to their small size and weak interconnectedness, why did Mexico City also remain quiet? In the first place, Mexico City was the stronghold of Spanish society in the New Spain. Whereas whites (that is, *peninsulares* and *criollos*) represented only 18% of the total population of the New Spain, they represented over 50% of Mexico City’s population (Anna 1978:6). Even though Mexico City was the only place where a large enough number of uprooted peasants and unskilled service workers could have developed popular revolts with distinct class-based objectives, it was also the place where Spanish surveillance, control and coercion were the strongest (Anna 1978:25).

Furthermore, the population of Mexico City did not have a revolutionary tradition similar to the European cities. The cities in the New Spain developed as a result of the state-building projects of the Spanish Empire and did not enjoy communal or corporate privileges *vis-à-vis* the Crown, as cities often did in Europe. If attempts to breach those traditional privileges by
European monarchs sparked revolts, in the New Spain urban populations had never enjoyed those privileges (Van Young 1988:143; 2001:506). As Van Young puts it: “in early modern Europe cities were often antecedent to states, in the New World states were antecedent to cities” (1988:145; 2001:506). Associational life in Mexico City during the late colonial period was lacking, which meant that urban-dwellers did not have access to organizational networks “to conscientize and mobilize potentially rebellious popular groups” (Van Young 2001:506).

Old repertoires of contention were not prone to trigger popular uprisings, and new forms of popular mobilization were unlikely to emerge. Rural migration to Mexico City generated very shallow and informal forms of association, often around kinship or similar ties (compadrazgo), which were very limited in social scope (Van Young 1988:151). Manufacturing was still too small a component of the economy to absorb those groups, so the majority of the poor urban population worked as street vendors and unskilled service workers closely under the surveillance and control of the Spanish elites (Van Young 1988:152). Artisans in urban areas were generally precluded from membership in the guilds, and large obrajes—the centres of textile production—often used impressed or criminal labour, which also precluded any form of political organization (Hamnett 1986:35).

The absence of popular mobilization in the cities had important implications for the possibility of a nation-wide popular movement that could challenge intra-regional allegiances. Cities in Mexico were too small and too weakly interconnected. As a result, they could not serve as connecting nodes for the scattered foci of rebellion in order to turn them into a national movement, the way French provincial cities did during the spring and summer of 1789, which not only housed local chapters of national political clubs but also gave birth to a vibrant public sphere. On the contrary, the autarkic economies of many provincial regions did little to erode the
parochial identities and allegiances of their populations, strengthening the political and organizational power of local elites. This meant that the insurgent movement would have to remain fragmented under ad hoc and fortuitous rural leaderships, which would be incapable of imposing a national state-building project but would nonetheless monopolize power in their communities.

4.3.2.2 Popular Mobilization in the Countryside

The absence of popular urban mobilization does not mean that the Mexican War of Independence was exclusively an affair between creole and Spanish elites seeking to renegotiate the institutional architecture of the Empire. Differently from the elite-driven movements for the independence of South America, a massive and unexpected peasant uprising shaped, from the beginning, the struggle in the New Spain (Halperín Donghi 1998:126; Hamnett 1986; Archer 2003; Van Young 2010). Popular participation of indigenous and non-indigenous peasants in Hidalgo’s revolt of 1810 has been vastly documented (Tutino 1986; Hamnett 1986; Van Young 2006). The emergence of this popular movement in the countryside meant that the renegotiation of colonial domination could not be an elite-driven and orderly process. It involved instead the militarization of local politics and a widening gap between the projects, goals and strategies of the armed peasantry and the reformist creole elites. Furthermore, the strictly rural nature of the popular movement would also set it apart from the rights revolutions in France and the United States (Van Young 2001:511; 2006:882-894; Hamnett 1986:53).

Initially, the provincial creole bourgeoisie that led political revolt in 1810 appealed to the royalist army to defect in their favour. However, when this effort to subvert the regular army failed, the dissidents had to resort to local chieftains, capable of mobilizing support among their
kin and clientele (Hamnett 1986:44, 199). By 1811, the size of Hidalgo’s army is estimated to have been between 80,000 and 100,000 men (Hamnett 1986:136). The insurgent army was clearly more than an elite-driven creole contingent but was composed by a massive indigenous and mestizo component. The popular groups that joined the ranks of the insurgent armies, not only during the more organized struggles under Hidalgo’s leadership, but also later during the long years of guerrilla warfare, were not primarily disgruntled estate workers seeking to settle scores with their masters, as was the case with the peasants that joined the Great Fear in France in 1789. Instead, the main source of insurgent support came, in some regions, from the pueblos that existed side by side with haciendas where peasants faced the encroachment against their subsistence lands, traditional pasture, or water rights; in other regions, from estate owners and private proprietors that mobilized their workers and tenants to further their own interests; and, elsewhere, from loose groups of bandits and marauders composed of uprooted landless peasants. The social conflict of the War of Independence, in other words, was not one between peasants and landlords, but between communities competing for scarce resources and privileges.

The social composition of the insurgent armies in different parts of the New Spain arose, of course, from different circumstances, but it maintained this particularity of being driven by communal grievances and local allegiances rather than by a nationalistic project or class-based solidarities. According to Hamnett, the insurgent bands in the Bajío—the region where commercial agriculture had penetrated more strongly and imposed pressures on the labour force—were “rebel bands of individuals who had nothing to return to and who hoped, in consequence, to make a living out of marauding rather than cultivating” (1986:199). The Bajío region counted a very small indigenous presence and was inhabited by a primarily mestizo population. The cities of Guanajuato and Querétaro, and the proximity to Mexico City, also
made this region much more urban that the rest of the territory. It was no coincidence that the creole leaders of the conspiracy that started the War of Independence were based in this part of the New Spain.

However, in the rest of the rebel areas, the social composition of the insurgency was quite different. In the New Galicia (the region around Guadalajara), where indigenous communities persisted, insurgents came out of the conflicts between adversary village communities or between villages and private estates for land rights (Hamnett 1986:199-200). In Michoacán—in the highland areas, in the plateau around Valladolid and Zamora, and in the proximities of Guadalajara—, the insurgency followed similar patterns of communal conflict between pueblos and estates. The surrounding areas of Mexico City, especially along the main route to Querétaro in the town of Huichapán and to the east of the city in the town of Apan, powerful clans of local leaders, often a combination of muleteers, ranchers and bandits, quickly joined the struggle. They would carry out the guerrilla warfare in the peripheries of the capital. These chieftains came out of some of the least developed parts of the countryside, in areas that were poorly integrated to the regional markets and with little presence from the Spanish Crown (Hamnett 1986:136-142; Van Young 2006:340). The insurgent bands in Southern Michoacán and in Guerrero, the so-called Tierra Caliente, were less shaped by indigenous villages than by small communities of free mulatto workers of cotton plantations mobilized by their chieftains and landlords (Hamnett 1986:200; Guardino in Ibarra 2004:33). Significantly, these insurgent groups of the Tierra Caliente, which were not at the centre of the rebellion during the first years of the conflict, were the only unsubdued faction by 1821 and ultimately would negotiate the Independence from the Spanish Empire.
Conversely, in the northern region of San Luis Potosí and in the central highlands around Mexico City, the revolts were minimal and the peasantry often joined counterrevolutionary forces. Here, again, the agrarian structure shaped social relationships in such a way that the peasants mobilized as members of their communities against the insurgent armies in order to protect their privileges. In San Luis Potosí, estate owners created their own militias to fight against the rebels, due to the strong relationship between landlords and estate residents. Similarly, in the central highlands, villagers responded to the insurgency “as communities more than as individuals or families. Most communities reacted in unison under local leaders—and most remained loyal to the regime” (Tutino 1986:141). Northern wage labourers and the indigenous peasants from the central highlands refused to join the insurgency because of their relatively privileged situation as members of internally strong communities based on a moral economy of reciprocal care between local notables and estate owners and the rural poor.

The different social backgrounds and spatial fragmentation of the insurgent armies entailed that none of the official leaders of the rebellion could establish lasting control over the local chieftains, nor could the different armies be articulated by ideological or nationalist agendas. Instead, the insurgency relied on temporary, fragile and increasingly worsening pacts between the dissident creole bourgeoisie and those local chieftains. These pacts would be based on the personalistic agreements between the leader of the rebellion under its different stages (the so-called caudillos: Miguel Hidalgo, José María Morelos, Vicente Guerrero) and the local chieftains—also called caciques, in reference to the caciques who were the indigenous authorities of the villages (Hamnett 1986:209). As Hamnett puts it:
The Mexican insurgency spread through contact between the leadership and local dissident groups. Through the mediation of special emissaries the original leaders brought into their movement a wide range of groups. Hidalgo extended the revolution through contact with those most intimately involved in the management of men: hacienda majordomos, work force overseers, miners' spokesmen, village headmen and councillors, small town lawyers, and parish priests. From them came many of the military leaders, irregular commanders and political ideologists of the insurrectionary movement (1986:125).

Priests and muleteers (arrieros) played a particularly important role articulating these loose networks of dispersed insurgencies, connecting the local chieftains with the insurgent leadership (Hamnett 1986:64:132; Guardino in Ibarra 2004:45; Van Young 2006:115). Muleteers in particular, due to their itinerant profession and intimate knowledge across territories and communities, fostered a very basic coordination amongst the armies. Morelos himself had been both a muleteer and a priest, which is why he was commissioned by Hidalgo to take the insurrection to the Tierra Caliente. Many of the lieutenants in Hidalgo’s and Morelos’s armies were also muleteers capable of gathering the support of their own networks of caciques, such as José Antonio Torres (Hidalgo’s chieftain in the immediacies of Guadalajara) or the populations of the strategic town of Huichapán under the command of the Villagrán clan (Hamnett 1986:132, 138; Tutino 1986:202; Van Young 2006:364).

Only exceptionally did the insurgent armies act as a unitary force, mainly during the early stages of Hidalgo’s revolt when he directed military policy as supreme commander (Hamnett 1986:209). After those early uprisings, the weak foundations of the rebellion meant that local
chieftains would often change their allegiances between the insurgent and royalist armies as the caudillos fell or as they were cut loose from the networks of the insurgent leadership. This also meant that the insurgency would never develop a coherent national agenda, but rather a series of pragmatic alliances to protect parochial interests (Hamnett 1986:178-179).

These personalistic relationships between the caudillos and the regional caciques of the insurgency have been widely documented by historians. Several of these characters joined Hidalgo’s rebellion shortly after the uprising. For example, in Guadalajara, Hidalgo relied on José Antonio “El Amo” Torres, an estate administrator and muleteer from the Bajío that was able to mobilize the support of the indigenous villagers from Zacoalco, Jalisco, amassing an army of 20,000 insurgents. Torres was able to achieve this through his connections with the merchants that operated in the region and the local farmers and indigenous caciques (Hamnett 1986:132-138). Similarly to Torres, Toribio Huidobro was another insurgent leader that operated around the Chapala basin and who apparently had several thousand men under his command (Tutino 1986:316-317). Gordiano Guzmán, son of mulatto residents in an hacienda in Tamazula, Jalisco, led a group of horsemen and ropers throughout the conflict. He became a key ally of Juan Álvarez and Vicente Guerrero during the last years of the struggle, ultimately emerging as the most powerful cacique in Jalisco that resisted the authority of central governments until his death in 1854 (Hamnett 1986:194-200). Torres, Huidobro, and Guzmán were part of a series of leaders in Jalisco and the Bajío that shared a number of features: they were mestizos (not indigenous) and usually smallholders that represented a rural middle sector connected to the clienteles of the creole leadership of the revolt (Hamnett 1986:197).

As the insurgents approached Mexico City, in the Mezquital, the Villagráns and Anayas, powerful clans of muleteers and local notables mobilized their networks in Huichapán and
maintained until 1813 a guerrilla war in the surrounding areas of the capital (Hamnett 1986:138-139; Tutino 1986:206-207). The head of the Villagrán family, Julián Villagrán, land owner and commander of the local militia, gathered 2000 men in two months after the beginning of the uprising and 3000 by the spring of 1811 (Van Young 2006:365). He was most likely aware of the plans of the creole rebellion in Querétaro through his friendship with Miguel Sánchez, a wealthy rancher from Ixmiquilpan who was involved in the conspiracy and immediately declared his support for Hidalgo’s revolt (Villaseñor y Villaseñor 1910:141-142). This explains why, when the army remained loyal to the Crown and did not turn to support the insurgents, Hidalgo could tap on these local characters to quickly raise a popular army among the peasantry of the Bajío, Sierra Gorda, and El Mezquital (Van Young 2006:266).

In Apan and the mountainous area of northern Puebla, the Osorno clan also joined the insurgency. The Osornos were a family of ranchers that owned or leased estates and “commanded a wide clientele of relatives and associates, who supplied them with horses, food and other requirements” (Hamnett 1986:139). José Francisco Osorno managed to lead 600 insurgents in 1814, sacking major haciendas in the vicinities of Texcoco and Mexico City (Tutino 1986:208). The success of the clan as chieftains of the local insurgency came from two factors: first, their widespread presence through bonds of kinship in the territory and, second, the failed counterinsurgent strategy to burn hamlets in order to push the rural population to seek shelter in royalist villages. As peons, hacienda workers, ranchers and shepherds were pushed out of their communities, they joined the ranks of Osorno’s forcers.

Morelos took the strategy of mobilizing local chieftains to the South. He had been initially sent by Hidalgo to obtain the support of the mulatto populations of the Tierra Caliente. In the Pacific Coast and inland into the current state of Guerrero, mid-level estate owners, rich
tenants and local merchants kept the guerrilla struggle alive during the counterinsurgent revival after 1815. For instance, the Galeanas in the Tierra Caliente and the Bravos in the vicinities of Chilpancingo were highly respected landowners, cherished by their tenants and peons. The Galeanas were the caciques of the coastal region, a powerful family who owned a significant number of cotton ranches operated by mulatto workers. They were marginal to the colonial society but governed their region with little influence from Mexico City (Hamnett 1986:144). Hamnett suggests that the Galeanas could mobilize the local grievances against the monopolistic control of Spanish merchants on the cotton trade, which closed economic opportunities for them and other members of the provincial elites, while also imposing indebtedness and low prices on raw materials for the mulatto tenants and indigenous villages that participated in the production of cotton (Hamnett 1986:145). The Galeanas contributed several high level commanders to the struggle, and it is estimated that about 2000 men followed them to the attack on Acapulco in December 1810 (Hamnett 1986:146). Famously, those peons that followed Hermenegildo Galeana to the war referred to him as “Tata Gildo” (Papa Gildo) (Villaseñor y Villaseñor 1910:48).

Another powerful clan of the South, the Bravos, were major landowners in the areas around Chilpancingo. They joined the insurgency through the intermediation of the Galeanas, and brought with them a “wide clientele of relations, compadres and dependents, hacienda or ranch workers, and available manpower”, and were also instrumental in gaining the support of the local indigenous caciques (Hamnett 1986:147). By 1820, Nicolás Bravo commanded 3600 men and became a major voice in national politics until his death in 1854 (Villaseñor y Villaseñor 1910:57-68).
As the caudillos fell, many of these local chieftains became stronger, so that by the end of the conflict many of them emerged as de facto authorities in their territories, which would not only resist government control during the struggle but would also challenge the authority of centralizing leaders like Anastacio Bustamente and Antonio López de Santa Anna after the independence. As I show in the next chapter, the factional conflicts that characterized Mexican politics between 1821 and 1876 were born out of the fractionalization of the insurgent movement after 1811 (Hamnett 1986:194, 209). By 1821, the insurgency had been reduced to a few regional strongholds. Some of the most influential characters of Mexican politics during the first half of the 19th century would be those chieftains turned into warlords by the rebellion in the Pacific Coast, such as Juan Álvarez and Vicente Guerrero, as was the case with Gordiano Guzmán around Guadalajara.

The power of the caciques came from their intimate contact with descending lines of clientage and kinship that allowed them to mobilize other members of their communities. It is worth quoting at length Van Young’s assessment of how this localism in the struggle emerged from the local social structures of late colonial Mexico:

The primordial element in the social and political identity of rural people in late colonial Mexico, specifically of indigenous peasants, was allegiance to the natal village […] Such communities were not necessarily seen by their citizens […] as egalitarian utopian societies […] Nor were such communities, particularly where found closer to centres of Spanish political power and market networks, hermetically sealed off from the nonindigenous world or completely lacking political or cultural consciousness of a larger world around them. We can still allow, however, for internal social differentiation and
discount the myth of economic autarchy in such communities while granting them a real corporate identity and a certain shared cognitive orientation in their citizens’ mentalities and dealings with the extracommunal world. The strong likelihood that up until fairly recent times access to the means of subsistence, affective bonds, and spiritual goods rested for most people with the natal pueblo or village of residence made for a strong identification between ego and community, between “I-ness” and “We-ness”. On the other hand, in colonial times (and beyond them, in disguise) the existence of the porous but still partially intact república de indios in many parts of Mexico meant that ethnic and economic conflict with the surrounding society tended to become conflated in a particularly volatile combination, since the locus of economic identity (the village) overlapped considerably with the locus of cultural identity (also de village). Contentious discourse and the practices of resistance—whether in legal disputes, local riots, or large-scale insurrection—point to defense of community as a primordial value among rural people, whether or not an economic dimension (land conflict, most prominently) was obviously in evidence in any given instance (Van Young 2001:28-29).

In this passage, which captures the main argument of his monumental study of popular mobilization during the Mexican War of Independence, Van Young emphasizes how individual identities, economic means of subsistence, political loyalties and collective solidarities would all be conflated in the same locus: the village and the local community. According to Van Young, the regional chieftains and caciques served to crystalize popular grievances and played a functional role in facilitating their mobilization through the paternalistic networks of friendship, kinship and clientelism (Van Young 2006:873).
Indigenous *principales*, for example, were capable of mobilizing their villages to face conflicts with neighbouring pueblos or estates. Often these material grievances would be articulated through discourses that referred either to various forms of Catholic millenarianism or to expressions of “naïve Monarchism” (Van Young 2006:882, 895-903, 904-907). In some cases, indigenous notables claimed that they had been instructed by Christ or the Lady of Guadalupe to join the rebels in preparation for the impending coming of the Virgin (Van Young 2006:297). In other cases, there is testimonial evidence that many indigenous villages were mobilized by the notables in the name of the King, and initially saw the rebellion as an attempt to restore the legitimate authority of the King Fernando VII who had been captured by the Napoleonic armies (Van Young 2006:208, 475). These ideological themes were always imbricated with the local grievances of the village and were transmitted through the networks of personalistic relationships. Many indigenous insurgents framed the coming of the Virgin of Guadalupe as a solution to their demands for water and land, or the restoration of Fernando VII as a way of regaining the corporate rights of their autonomous villages, which had been under threat since the Bourbon reforms of the late 18th century.

Amongst the non-indigenous insurgents, the chieftains—priests, ranchers, muleteers, miner leaders, minor estate owners and others—achieved their positions as military commanders by virtue of their role of “structural intermediacy” associated to their occupation, wealth, age or ethnicity. The stories of those who joined Hidalgo’s mass army or the guerrilla groups of the Villagráns, the Osornos, or the Galeanas usually reproduce similar patterns. Rather than voicing ideological discourses of class resentment or nationalist identities, these insurgents took up arms to follow their family members, patrons or communities. Many joined the insurgents due to the
pressure or example of their peers or because of the direct orders of local authorities. This influence played out through a combination of loyalty, cajoling, and coercion.

This meant that, first and foremost, the regional chieftains focused on securing and increasing their power in their own localities (Tutino 2009:49-50). Their alliances were driven by strategic considerations and were usually short-lived and poorly coordinated. The peasantry rarely followed them with a clear perception of the national dimension of the conflict, but rather participated in localised insurrections to settle old scores with immediate enemies, to recover or preserve community privileges, to resolve disputes over scarce resources (land, water, labour), or to defend an ideal of local autonomy (Hamnett 1986:53; Van Young 2009:415).

The marked localism of popular mobilization was reflected not only in how the fault lines of the conflict were drawn or in the organizational structure of the insurgent armies, but is also evident in the spatial distances covered by the typical combatant. Eric Van Young (2006; 2009) analyzed a sample of 1284 insurgents that were detained by the royalist forces during the conflict. The majority of these individuals were captured between 1810 and 1812, but the sample includes some that were detained as late as 1821. By looking at the registries of these war prisoners, it is possible to extract some interesting insights regarding the social backgrounds of the rebels and their leaders. In particular, by including information about the place of birth and the place where the prisoners were captured, the registries offer the possibility to measure how far different types of rebels ventured away from their communities once they joined the insurgency. The average distance between the place of birth and the place of capture was about 100 kilometers, equivalent to a two-day trip by foot or by horse (Van Young 2006:124). This already suggests the very localized nature of the conflicts. However, when we look at these distances for different trades and ethnicities, this localism becomes even more striking. White
rebels (especially the creole leadership), muleteers and merchants were most frequently those captured far from their places of origin, while more than half of the indigenous peasants, mestizos, and mulatto peasants were detained less than a day (about 40 kms) away from their places of birth. Historians describe this parochialism in the patterns of popular mobilization using the term campanillismo: “the tendency of villagers to see the social and political horizon as extending metaphorically only as far as the view from their church bell tower (from the Italian campanile)” (Van Young 2001:483).

Not only the insurgent armies contributed to the militarization of local elites. Royalist generals fostered the development of self-defence forces under the control of local notables to protect towns and haciendas, which contributed to the militarization of society and the transformation of caciques, landowners, and notables from political brokers into warlords. For example, Brigadier Félix Calleja, the commander of the Army of the Centre, wrote to the Viceroy Francisco Xavier Venegas on June 8, 1811, with a detailed set of regulations that instructed towns and small cities to arm local militias as part of the counterinsurgency strategy (Archer 2000:87-89).

Many hacendados expressed resentment against the costs imposed on municipal councils and private proprietors to finance these self-defence forces (Hamnett 1986:71). This part of the story is particularly revealing regarding the strength of local allegiances and patron-client social relationships as a strategy of popular mobilization, including the ties of loyalty between hacendados and those agricultural workers living in their private states. As Hamnett points out:

[T]he resident workers, the peones acasillados, were a relatively privileged group, with their secure labour, their wage and maize ration, their housing and integration into the
structure of hacienda patronage. They had much to lose if they joined itinerant rebel bands. Perhaps it would take only exceptional circumstances, such as the breakdown of the food supply, to throw into jeopardy the security they had gained. Even then, there was no guarantee that life outside the hacienda would be any better than within... Only when the resident work force was confronted with the realities of insurgent incursions and the flight of owners to the cities would the issue of changed allegiances become uppermost. Such arguments suggest that the problem for the hacienda was not as a rule the dissidence of the internal labour force… Within the hacienda, it is probable that in many cases the patriarchal bonds remained intact. There would, of course, be many exceptions. Once insurgency had died down, these bonds would, however, last for another century. (Hamnett 1986:72-73)

The presence of self-defence groups amongst haciendados not only signalled the strength of communal relationships within the haciendas, but also the major obstacles that insurgent leaders needed to overcome if they were to build a national class-based movement. These self-defence militias are evidence of the division within the rural working population, between “those who derived security and position from their membership of the patron-client network and those who remained outside it, the dispossessed but dissident villagers” (Hamnett 1986:95).

For instance, in San Luis Potosí, estate owners and hacienda residents developed strong community ties as a result of the relative welfare and security that landlords offered to their tenants and labourers. Here, not only did Hidalgo fail to gain the support of the local peasantry but also the landlords armed their dependents to fight against the rebels. The most famous case is that of Juan Nepomuceno Oviedo, the administrator of the Bocas hacienda, who organized a
militia unit with estate residents to fight against Hidalgo’s forces. This militia, the so-called *tamarindos* (tamarinds) due to the colour of their jackets, kept the insurgents at bay and maintained the North outside of their reach (Tutino 1986:157-158).

### 4.3.3 Organizational Monopolies and the Collapse of State Sovereignty: the Strengthening of Local Elites and Particularistic Privileges

The movement of independence in 1810 was less of a break with the past as much as the continuation of local and regional conflicts of the late 18th century. This was reflected in the organization of the bands of insurgents as well as the counterrevolutionary self-defence militias. Most historians of this period agree that the War of Independence did little to transform the local structure, not only in terms of land distribution but also in terms of the political allegiances that connected political authority from the local to the national level (Tutino 1986; Hamnett 1986:209-210; Buvé 1992; 2003; Van Young 2010:83-87, 916-917). On the contrary, the organizational and mobilizational power of local and communal elites was strengthened as a result of the armed struggle. The militarization of politics during the 1810-1824 period entailed a transformation in the nature of patronage at the local level, where caciques were no longer just political brokers but also, in many cases, warlords in control of private militias.

Relations of production, especially the practice of labour repressive agriculture, continued throughout the rest of the 19th century, despite recurrent attempts to integrate the countryside into monetized labour markets through confiscation (*desamortización*) and privatization laws. The prevalence of non-wage labour in the Mexican countryside played, of course, a crucial role as a strategy of the landed elites to extract cheap labour from the peasantry or as a survival strategy for impoverished peasant villages. However, its most important *political*
consequence was that non-wage agricultural labour structured social relationships at the local level by reinforcing parochial allegiances.

As a result, the collapse of monarchical sovereignty was not followed by a national project that could successfully mobilize the popular classes, but the war only made evident the multiplicity of particularistic privileges, cleavages and collective identities. By the end of the conflict in the 1820s, militarized local elites practically governed their territories without any subordination to the national government. The repúblicas de indios disappeared as a legal institution, but their social structure remained often untouched under the new federal system (Guardino 1995:192). These rural municipalities—indigenous and non-indigenous—would continue to be integrated into national politics through the mediation of the regional chieftains. Characters like Nicolás Bravo, Juan Álvarez and Gordiano Guzmán would continue to hold power in their regions, resist the penetration of the central government and at times enter into national politics, by commanding military forces and voicing the demands of the populations they governed. In Buvé’s words:

The Wars of Independence had resulted in spectacular mobility for a number of mestizo warlords and entrepreneurs but politics remained essentially elitist. This was due to the continuity of regional and local oligarchical power structures, based on efficient late colonial family and community networks. The late colonial patricians became the republican notables, such as the estate owners, priests, merchants or textile entrepreneurs of Central Mexico, who had no doubt suffered considerably from the Wars of Independence. There had been changes in ownership, but the oligarchical system of dominance by elite families, partly newcomers, had not been challenged. They continued
to compete for control over regional and local government, with first the colonial *diputación provincial* and the *cabildos* of the towns, then the state congress and the municipal councils or *ayuntamientos*. The *Jefes políticos* of the provinces now became the governors in the federal system. The introduction of the municipality brought the caciques and leading families of the municipal head town even more power, because it stripped the dependent villages of their juridical personality and autonomy, and integrated them more thoroughly in 'their' municipal power domain. (Buvé 1992:10)

Similarly, former royalist commanders who controlled regions during the struggle emerged as powerful politicians in the post-Independence period, such as Agustín de Iturbide, Antonio López de Santa Anna, Pedro Celestino Negrete, Anastasio Bustamante, and others. These former royalist commanders would represent the majority of the Mexican army top generals until the 1840s, while also becoming major players of national politics (Archer in Rodríguez 2004:205-229). After the end of the conflict, the military maintained its corporate privileges, especially the *fuero*, which put officers and soldiers beyond the reach of civil courts and at the mercy of military tribunals of their peers (Green 1987:84). Despite attempts to remove this prerrogatives in 1820, they were reinstated in the Plan of Iguala that declared the Mexican independence, since these particularistic privileges were necessary to secure the stability of the new political system and the support of the military in the case of a Spanish invasion. The *fuero*, however, as Green points out, was not always a blessing but rather put soldiers under the arbitrary authority of officers who often were little more than power-seeking caudillos (Green 1987:85). Anecdotally, Green also mentions other corporate privileges that were abolished towards the end of the 1820s but that are illustrative of the logic of political order that was
pursued as the new state institutions were being built. For example, the military enjoyed some rights to collect revenues (tesorería de ejército) and officers had the right to commandeer any citizen’s horses or mules to carry his equipment (bagages) (Green 1987:85). Finally, the distinction between the regular army and other militias was not always a very clear one. As mentioned before, by 1840, top generals in the army often were the regional strongmen of the War of Independence. This fact, combined with the recognition of civic militias (“locally organized citizen soldiers” to keep order or for national defence), meant that army generals, state governors, municipal mayors, and local warlords could mobilize and command armed forces to pursue their own political ambitions (Green 1987:85).

The Catholic Church also acquired a preeminent political role as the only organization with a presence in the entire territory, and could thus develop a network of communicating channels between local grievances and national issues parallel to state institutions. Parish priests occupied leadership positions in the insurgent armies and played an important role in local politics well into the 20th century. By the end of the conflict, the Church also continued to be the major landowner in the country. The 19th century historian Lucas Alamán estimated that the Church owned or controlled about half of the property in Mexico, and more recent assessments suggest that it owned 47% of the total value of property in Mexico City in 1813 (Green 1987:75). Even though the relationship between the Church and the national and state governments was tense after the end of the War, especially since the Pope refused to recognize the independence of the Spanish colonies, neither the Church nor the state were strong enough to openly face each other in the 1820s. This entailed not only that the Church would maintain its landholdings and preeminent role as an economic actor, but that it would also preserve its corporate privileges,
such as the benefit of the clergy (fuero eclesiástico), which situated clergymen outside the jurisdiction of the state courts.

As a consequence of this “feudalization” of national politics and the parochial organization of the popular classes, the political turmoil of the 19th century was defined by two criss-crossing conflicts: on the one hand, efforts to protect the corporate privileges of the Church and the Army against liberal rights and private property, and, on the other, attempts to preserve local autonomy by regional chieftains against centralizing efforts of national elites in Mexico City. Conflict would continue to take the form of communities and corporate entities fighting one another over scarce resources, as a result of the organizational structure of civil society built upon personalistic relationships.

4.4 Conclusion

In this chapter, I have detailed how the patterns of popular mobilization during the Atlantic Revolutions of France and Mexico displayed certain key features of the organizational structure of those societies. These patterns were shaped by the extent to which capitalist pressures had broken traditional societies and local solidarities between peasants and the landed elites, with far-reaching effects on the type of political systems that would emerge in the long run.

The pressures to engage in intensive agriculture, the expansion of regional markets, the encroachment of private estates over communal lands, and the shifts to more profitable crops and away from the foodstuffs that served as the basis of the diet of the rural populations transformed the social relationships between landed elites and a peasant population that included self-subsistence farmers, sharecroppers, estate tenants, agricultural workers, peons, and villagers. In
some cases, as in France, these pressures generated the reserve armies of labour that Marx described in the first volume of *Capital*, triggering waves of rural-urban migration and eroding personalistic ties of trust, dependence and solidarity in rural communities (Marx et al. 2011:796). Peasants who held land entered the market economy directly as producers, while landless peasants were integrated into the market economy as wageworkers. In other cases, as in Mexico, various forms of non-wage labour adapted to capitalist pressures, strengthening local solidarities despite the increasing impoverishment of the rural populations. In these contexts, landed elites and other local notables adopted capitalist practices to commercialize their products, but insulated the peasantry from the market economy by extracting their labour through a combination of coercion and protection against famines and destitution. Rural capitalism thus relied on the parochial solidarities between local elites and the popular classes.

The Organizational Theory of Political Development that I put forward in this dissertation seeks to explain trajectories of state formation and long-term variation in levels of state capacity. Nevertheless, the theory also makes an implicit argument about how democratic actors and institutions solve the coordination challenges associated with state-building and the supply of public goods. In this regard, the explanation presented in this chapter about the origins of impersonal societal organizations directly engages with academic debates on democratization.

Modernization Theory and contemporary institutional economists argue that capitalism, either by modernizing political values or by institutionalizing political and economic competition, was the harbinger of democracy (Lipset 1963; Acemoglu and Robinson 2005; North, Wallis, and Weingast 2009; Ansell and Samuels 2014). As Daniel Ziblatt has recently suggested in an essay about Barrington Moore’s legacy (2013), rural capitalism, in the form of enclosures and the demise of labour repressive agriculture, did play a role fostering democracy,
but only when it transformed the structure of social relations among the rural population. Labour repressive agriculture is not only a strategy of the landed elites to extract cheap labour, but also the mechanism through which they convert their material power into political power—what Ziblatt calls in Gramscian terms an “ideological hegemony” (Ziblatt 2013:5). Where the decline of labour repressive agriculture undermined this ideological hegemony of the landed elites, the poor rural populations could adopt new forms of political organization that were more likely to make democracy flourish in the long run. However, where rural capitalism adapted to traditional practices of coercive labour, not only the landed elites but also the peasantry would obstruct the consolidation of democracy.

In France, the breakdown of personalistic relationships in the countryside, the communicative space to articulate those class-based grievances, and the connecting role that provincial cities played, created the conditions for an impersonal organizational form to develop among the popular and middle classes: the clubs and societies of the revolutionary years, which would eventually become the radical defenders of republicanism. Their initial intuition about the need to change the logic of politics away from a spoils system into a social contract where the state served the public good was instantiated in the strong injunction against corporate and intermediary bodies. This intuition, however, did not foresee the collective action problems associated with the preservation of public goods and the need to create institutional mechanisms to solve those coordination challenges. Therefore, even though the prohibition of intermediate bodies was an attempt to avoid the privatization of politics, it also meant that the monitoring mechanisms necessary to institutionalize and stabilize such a system were missing. The 19th century would thus be shaped by the conflicts between this totalizing ideology of republican Jacobinism and the attempts by political actors to capture the state for their own private interests.
As I show in the next chapter, the new political system only consolidated once the heirs of the revolutionary groups became dominant players in national politics, transforming the organizational logic of civil society and pushing for the recognition of associations and trade unions.

In Mexico, the strength of personalistic relationships in rural areas as the result of the prevalence of non-wage labour, the small size and poor spatial integration of urban areas, and the absence of the communicative spaces for the popular classes to articulate their shared grievances and common interests, determined the parochial, fragmented and localocentric organization of the insurgent armies. As a result, the War of Independence strengthened local power relations and made personalistic organizations the only connecting channels between the state and the vast majority of the population. Civil conflict during the 19th century would reproduce the same patterns that it followed during the colonial period, except enhanced by the economic desolation left behind by the war.

In other words, political order was impossible to achieve in 19th century France and Mexico for two very different reasons. On the one hand, in France, the emergence of a national, impersonal, popular movement during the Revolution clashed against the corporate entities and particularistic privileges that survived after 1814. This would trigger several decades of conflict over the logic of the political system and the purpose of the state: whether it should serve the general interest and become a supplier of (material and non-material) public goods, or continue to be a distributor of private goods and enforcer of particularistic privileges. On the other hand, in Mexico, the political strength of local clienteles and corporate bodies such as the Church and the Army shaped civil conflict around the competition for scarce resources under the logic of a spoils system. In the absence of enough resources to target the demands of these groups, order
remained extremely fragile until 1870. We now turn to evaluate in detail those decades of political disorder and their origins in the organizational structure of the popular classes.
Chapter 5: Organizational Structure, Popular Incorporation and Political Order

5.1 Introduction

In the previous chapter, I argued that the Atlantic Revolutions of France and Mexico hardened the social relationships and cleavages generated by the particular ways in which capitalism had penetrated the countryside. In France, the slow erosion of rural communities as the result of new capitalist practices had a twofold effect. First, it weakened local solidarities, especially between lords and peasants and between richer and poorer country-dwellers. Second, it increased the numbers of landless peasants seeking new livelihoods in the cities. Both of these consequences of rural capitalism contributed to the erosion of personalistic relationships as an organizational resource. Consequently, when the Revolution broke out, peasants and urban-dwellers mobilized around impersonal organizations that sought to transform the nature of the state from being a distributor of privileges and rents into becoming the embodiment of the public interest.

In Mexico, the mercantilist practices of the Spanish Crown during the colonial period hindered the penetration of rural capitalism into the countryside. The Bourbon reforms of the 1750s created modern commodity markets but did not fundamentally affect the social structure of most rural communities. Non-wage labour and personalistic relationships between local elites and the rural populations continued to reinforce parochial solidarities. This, combined with the low levels of urbanization and the concentration of the Spanish population in the cities, meant that when the popular classes took up arms during the War of Independence, they did so around those personalistic relationships and to address local grievances. By the end of the war, the
militarization of Mexican society had turned local chieftains into warlords, strengthening their control over the peasantry and hardening social cleavages around inter-communal conflicts.

It would be a mistake, however, to suggest that by the end of these revolutionary periods the transformation of the political system had been completed. On the contrary, in both cases, political order remained elusive and volatile. Only by the 1870s, political order was restored in a relatively stable fashion in both countries. The means whereby order was re-established were, nevertheless, very different. By the end of the 19th century it was evident that France had built a new social contract that channelled conflict through democratic institutions, while Mexico had consolidated a stable spoils system that combined coercion and cooptation of societal actors.

This chapter explains why France and Mexico developed two different strategies of political order during the course of the 19th century. In other words, it tackles the first part of the larger causal argument advanced by the Organizational Theory of Political Development: that the organizational structure of civil society determines the strategy of political order that can be established in a society. Chapter 6, in turn, addresses the second part of the argument, showing how the strategy of political order that is established determines the society-wide capabilities to produce and preserve public goods.

Why did France consolidate political order through the construction of a social contract, while in Mexico political order could only emerge through the reconstruction of a spoils system? Rather than presenting an exhaustive political and social history of France and Mexico, the following sections adopt a process-tracing methodology to evaluate two alternative answers to this question:

On the one hand, institutionalist approaches, as pointed out in Chapter 1, argue that the transition from spoils systems to social contracts is the result of the expansion of inclusive
formal institutions. We can identify, in turn, two slightly different versions of this argument. In Daron Acemoglu and James Robinson’s story, the emergence of political systems as social contracts results from inclusive political institutions that regulate the interaction between the state and societal actors (2013). In particular, Acemoglu and Robinson focus on those institutions that give elites the political power to protect their (property) rights from the predatory impulses of rulers: i.e., strong democratic legislatures. The nature of political competition (combined with the threat of revolution caused by material inequalities) then pushes the expansion of those political rights to the popular classes (universal suffrage) (Acemoglu and Robinson 2005; 2013).

A second, more elaborate version of this argument is the one espoused by Douglass North, John Joseph Wallis and Barry Weingast (2009). They argue that prior to strong parliamentary institutions, it is necessary to have in place formal institutions that permit the creation of new organizations and allow open access to existing ones. For them, the process starts with the development of impersonal relationships in the interaction between elites, which make it possible for three doorstep conditions to emerge: (1) the rule of law for elites (understood as no abuses by the state on elite rights), (2) “perpetually-lived” organizations for elites (that is, impersonal organizations), and (3) the military under political control. The transition proper begins once members of the elites secure these organizational rights, and begin to compete politically and economically against each other. Political and economic competition between elite organizations erodes rents and sanctions the use of political authority for private benefits, thus stabilizing the social contract. These competitive pressures gradually push elites to expand organizational rights to the rest of the population. Unless the formal institutions that undergird organizational openness are present, democratic institutions are vulnerable to be turned into devices for the political distribution of rents.
On the other hand, the Organizational Theory of Political Development that I put forward in this dissertation argues that, indeed, formal institutions that guarantee access to political and economic organizations and that empower societal actors to prevent abuses from the state are *necessary* for the survival of political systems built as social contracts. However, they are *not sufficient* to explain the transition from a spoils system into a social contract. Formal institutions are insufficient to explain the transition because of the path-dependent nature of collective action solutions. As argued in Chapter 3, coordinating political mobilization is extremely difficult. Once a group of individuals coordinate collective action through a certain set of strategies, the increasing returns of those strategies will constrain them from adopting other organizational forms. This means that even if formal institutions that support open-access organizations are created, individuals will not necessarily run to organize collectively around impersonal relationships. Unorganized groups may continue to lack the communicative infrastructure to coordinate their actions and thus will remain unorganized. Individuals organized around personalistic relationships will be unlikely to abandon them because the probability of success is extremely unlikely and the costs of failure are very high (being kicked out of the spoils system). Moreover, even if the logic of competition pushes elites to expand organizational rights to the rest of the population, it does not mean that they will abandon the social relationships that they use to mobilize their clienteles. Briefly put, if personalistic relationships dominate organizational strategies, expanding organizational rights to the popular classes will not be enough to transform the logic of the political system.

Instead, the transition from a spoils system to a social contract must begin not with institutional changes but with the structural transformation of social relationships. To put it in Paul Pierson’s terms, understanding the temporal structure of the transition from spoils system to
social contract is based on a very slow, cumulative, long-term, process of change in social relationships, which incrementally transforms the type of organizations that individuals use to interact with the state and, consequently, the logic of politics (Pierson in Mahoney and Rueschemeyer 2003).

An impersonal organizational landscape will only develop if personalistic relationships are no longer effective resources for political mobilization, and the popular classes have access instead to the communicative resources that make it possible to coordinate collective action through impersonal relationships. If this is not the case, even if everyone enjoys open-access organizational rights, elites will continue to mobilize the popular classes through personalistic organizations and the logic of the spoils system will persist. In other words, the popular classes must already be organized around impersonal relationships by the time democratic incorporation takes place—that is, the expansion of organizational rights in the form of universal suffrage and recognition of mass-mobilizing organizations. Otherwise, the popular classes will be incorporated into the political system through their personalistic connections to elite patrons, thus expanding the coverage of the spoils system but not transforming it into a social contract.

In this chapter, I show how, in France, the creation of formal institutions that recognized organizational rights (the laws on trade unions and associations of 1884 and 1901) fostered the consolidation of a social contract only because the popular classes were already predominantly organized around impersonal organizations. In Mexico, on the other hand, the liberal constitutions of 1857 and 1917 granted the right to form and join political and economic organizations to every citizen. Nevertheless, the strength of personalistic relationships continued to determine the strategies of political mobilization amongst the popular classes, and political order could only be secured through spoils systems.
The chapter deals first with France and then with Mexico. For each case, I first describe the evolution of the organizational structure of civil society during the 19th century. In particular, I show how civil society organizations transitioned from being predominantly personalistic to becoming largely impersonal in the French case, while in Mexico organizations remained tied to personalistic relationships throughout the 19th and 20th centuries. Second, I present qualitative evidence indicating that those organizational patterns explain the political instability of these two countries before 1870. Third, I show how the organizational landscapes that emerged by the 1870s determined the distinct political systems that French and Mexican societies could sustain from then on: a social contract and a spoils system, respectively.

5.2 France: Organizational Change and Political Instability

5.2.1 Impersonal Organizations and State Autonomy: The Transformation of Civil Society (1814-1914)

The transformation of the organizational structure of French civil society was far from complete when Napoleon took power, but the revolution had already planted the seeds for that transformation to take place over the course of the 19th century. In this section I show how the popular classes increasingly adopted impersonal patterns of organization and political mobilization during the decades following the fall of the First Empire.

Over time, workers, peasants, public servants and professionals abandoned the compagnonnages, guilds and clienteles of the past, and organized instead around voting clubs, mutual-aid societies, study-groups, agrarian leagues, trade unions and political parties. These new organizations were built upon impersonal relationships, unrestricted membership and communicative practices to coordinate collective action. As a result of these organizational
features, they changed their demands to the state, pushing for the expansion of public goods and universal rights, and behaved as oversight bodies of state authorities rather than as their subordinate clients (see table 5.1 below).

Table 5.1 Observable implications of impersonal organizations

<table>
<thead>
<tr>
<th>Organizational Features</th>
<th>Personalistic Organizations</th>
<th>Impersonal Organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Internal structure</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Social relationships</td>
<td>Personalistic relationships</td>
<td>Impersonal relationships</td>
</tr>
<tr>
<td>Entry requirements</td>
<td>Restrictive membership</td>
<td>Open access</td>
</tr>
<tr>
<td>Coordination strategy</td>
<td>Patron-client structure</td>
<td>Accountable leadership</td>
</tr>
<tr>
<td></td>
<td>(selective incentives)</td>
<td>(communication)</td>
</tr>
<tr>
<td><strong>Types of demands</strong></td>
<td>Rents, particularistic</td>
<td>Public goods, universal</td>
</tr>
<tr>
<td></td>
<td>privileges, legal exemptions</td>
<td>rights, influence on</td>
</tr>
<tr>
<td></td>
<td></td>
<td>policy-making</td>
</tr>
<tr>
<td><strong>Position vis-à-vis the state</strong></td>
<td>Subordinate clients</td>
<td>Monitoring actors</td>
</tr>
</tbody>
</table>

By breaking with particularistic privileges, popular mobilization during the French Revolution laid the conditions for a new political system, one based on the idea that the state could only legitimately act on behalf of the public interest and should be insulated from the influence of private actors. The abolition of all intermediary bodies was thus seen as part of ensuring political equality and avoiding the fragmentation of the general will. However, once the turmoil of the Terror and the Napoleonic Wars passed, groups from all walks of life began to mobilize again to recover some of their lost privileges. The aristocratic émigrés slowly returned with the Restoration seeking to rebuild their wealth and dispensations. Workers and artisans sought to restore the guilds and compagnonnages of the past in order to gain some leverage over the labour market. In rural areas, local notables, often the same bourgeois actors empowered by the revolution, began to build clienteles to pursue their own private goals. At the same time, the heirs of the revolutionary clubs and societies continued to push forward a republican view of the
state. These latter groups, which increasingly attracted working class support as the 19th century progressed, opposed the recognition of particularistic privileges and the distribution of private goods by political authorities.

The effects of the laws Le Chapelier and d’Allarde were extremely important for the evolution of the French political system. Rather than inhibiting the development of civil society organizations and concentrating power exclusively in the national government, they pushed these organizational forces outside of the formal political institutions of the state. This had two effects on the organizational structure of civil society. First, organizational repression gradually weakened notables and political elites insofar they could not explicitly draw power from occupying intermediary positions between the popular classes and the state. Of course, notables, especially in the countryside, could manipulate elections through various means, and build their political capital through networks of patronage. Suffrage was still restricted and the absence of the secret ballot made elections highly questionable (Garrigou 1992). Even after the introduction of universal male suffrage in 1848, elections were rarely competitive (Rousselier in Wright and Jones 2012). However, these local notables increasingly had to compete with autonomous popular organizations for the ability to mobilize their networks.

Second and relatedly, organizational repression also led to the radicalization of many of groups living in the shadows of illegality. The revolutionary experience of autonomous popular organization fostered the spread—sometimes tolerated by government officials, sometimes violently repressed—of new kinds of popular organizations (political clubs, parties, unions, and associations), whose leadership was forced to remain accountable to the individuals it claimed to represent. In particular in the context of labour, organizational repression allowed workers and peasants to break with the power of hitherto strong intermediaries.
Shortly after the climax of the revolutionary period, various actors began to contemplate the possibility of reinstating corporations (Rosanvallon 2007:81). Demands for the restitution of corporations emerged as a response to concerns about the need to oversee and regulate commerce on behalf of public safety. Additionally, corporations had played an important role under the old regime shielding their members from the effects of market failures. Corporations reduced transaction and information costs, and served as spaces for socialization where communal existence and collective identities could obtain some degree, even if minimal, of political representation.

Facing these challenges, Paris wine-sellers presented in 1805 a petition to Napoleon asking for the reinstatement of the corporations for their trade (Rosanvallon 2007:81). After the Restoration, merchants and artisans also asked for the reinstatement of the guilds and corporations in 1817, and those demands were echoed in several departments that urged the government to concede in 1821 (Rosanvallon 2007:82). Under the Restored Monarchy, these demands were promoted as a matter of re-instilling old-regime ideas in people’s minds by bringing back, as one of their proponents described them, “eminently monarchical institutions” (Rosanvallon 2007:83). However, in most cases, the demands were not exactly about returning to the old system, but about looking to “the effects of the guilds for lessons on ways to combat the calamity that afflicts society today” (Jean Charles Simonde de Sismondi quoted in Rosanvallon 2007:84). They demanded “not to reinstate the six [principal Paris corporations] but rather invent something to replace them and give us back the good things they produced”, as the Parisian merchants put it (quoted in Rosanvallon 2007:84). Or, as Napoleon himself described this sentiment: “people are opposed to the corporations as they existed, but they want them if the system is modified” (cited in Rosanvallon 2007:84). The heavy weight of the laws d’Allarde and
Le Chapelier and the ways in which they incarnated the values of economic freedom and the general interest were too hard to dismiss. The search for organizational alternatives, however, suggests that actors at the time were cognizant of the need to reform the organizational structure of civil society to meet, in Rosanvallon’s words, the “imperatives of governability” or, in our terms, to maintain political order (Rosanvallon 2007).

These public expressions of ambivalence towards the role of intermediary bodies did not mean that individuals were waiting for the institutional and ideological debates to be settled before creating new associations. On the contrary, during this period of organizational repression, groups around France tried to adapt to the new environment. The working classes organized around compagnonnages, mutual-aid societies, savings unions, social study groups, and cooperatives, concealing under these labels their function as political associations used to coordinate collective bargaining, strikes, and other forms of organized resistance (Sewell 1990:165).

During the 19th century, workers actively and self-consciously transformed their organizational strategies. It was a conflict-driven process, propelled by waves of increased repression and the radicalization of the workers, who slowly replaced the patrimonial logic of guilds and corporations with the universalistic language of class-consciousness and the impersonal organizational form of unions (Shorter and Tilly 1974; Branciard 1982; Perrot 1987; Magraw 1992; Sewell 1980; 1985; 1985; 1990; 2005).

Under the Restoration, compagnonnages continued to be the most common form of working class organizations. Furthermore, they became more exclusive and hierarchical than they had been under the old regime. Conflicts between members of different compagnonnages were not uncommon and could end in violence (Sewell 1980:167-168). They also preserved the
religious names and elaborate rituals of the past, building solidarity around common devotion towards a patron saint and very thick personalistic relationships that were very actively cultivated: “by living and eating in their own lodging house, by wearing special insignia, by using distinct language and gestures” (Sewell 1980:47-55).

However, mutual-aid societies grew rapidly during this period, ultimately replacing compagnonnages in the 1830s as the predominant form of working class organizations. These societies displayed some important organizational innovations that made them better able to operate in the context of organizational repression created by the law Le Chapelier. Mutual-aid societies were less restrictive with their entry requirements and placed less emphasis on the distinctive markers of compagnonnages. In other words, they began to adopt more impersonal relationships attuned to the secular, individualistic and contractual logic of the new regime (Sewell 1980:184-185). Moreover, if compagnonnages were accepted under the Restoration because of the monarchical connotations that they carried, mutual-aid societies were better attuned to the liberal sensibilities of the July Monarchy, since formally they were not political organizations but only private insurance associations. Informally, however, they served the purpose of watching over working conditions, setting wage levels, disciplining members, and coordinating strikes, boycotts and protests (Sewell 1980:165).

By the 1830s, working class activists put forward numerous proposals with alternative ideas about how to organize labour and protect workers from exploitation: from setting up workshops collectively owned by the workers to suggestions about how to bring together all the different occupational groups under a strong central committee (Rosanvallon 2007:104-105). Producers’ cooperatives were proposed as a new organizational form that was consistent with the liberal principles of economic freedom of the July Monarchy, since they basically were sociétés
anonymes (joint-stock companies) (Sewell 1980:204). Another organizational option was the creation of philanthropic societies. These associations shared some of the features of mutual-aid societies, but adopted more impersonal characteristics: the bonds of solidarity were strictly based on secular fraternity, they did not engage state authorities and avoided their tutelage, and no longer hid their intention of regulating trades and coordinating workers (Sewell 1980:204-205).

In the months after the July revolution in 1830, republican societies, such as the Société pour la liberté de la Presse and the Amis du Peuple, and the Société des droits de l’homme, briefly flourished (Pilbeam 1990:172). The Société des droits de l’homme, in particular, became the stronghold of the republican cause during the first years of the July Monarchy. It adopted a subversive and violent tone against the government. Moreover, in 1832, the Société began to recruit working class members, which contributed to tie together the nascent labour movement to the legacies of Jacobin republicanism (Sewell 1980:208-209). Although the leadership of the central committee was bourgeois, the majority of its members were working class militants. As a result, the Société had a huge influence on working class activists, training them to organize their trades, coordinate collective action, and publicize their demands through pamphlets and journals (Sewell 1980:209).

The period of popular mobilization from 1830 to 1834 was key for the transformation of the French workers’ movement. In 1833, proposals for the creation of a large organization of all trades began to appear (Sewell 1980:212-213). This idea emerged from the organizational changes that had already occurred during the previous years when the language of exclusive, restrictive, personalistic solidarity had been replaced with the language of open, voluntary, and impersonal associationalism (Sewell 1980:213). Now, the features of impersonality, open access,
and coordination of collective action through communication were becoming the dominant form of working class organization.

Some of the most vocal proponents of the multi-trade workers’ organization were related to the Société des droits de l’homme, such as the shoemaker Efrahem who published an influential pamphlet titled “De la association des ouvriers des tous les corps” (Sewell 1980:209, 212). This alliance between “the most radical of the Parisian republicans” and “the most militant of the Parisian working-men” in the Société des droits de l’homme thus radicalized both of these groups. On the one hand, republicanism was no longer limited to constitutional design, but adopted the socioeconomic demands of labour. On the other hand, republican organizations gave French workers and artisans the ability to coordinate collective action without having to rely on old personalistic forms of associationalism.

The July Monarchy responded by increasing organizational repression in 1834, which pushed the workers’ movement underground for the following years (Sewell 1980:217-218). In consequence, the period between 1834 and 1840 was relatively calm. However, in the 1840s labour conditions—“the social question”—became a central topic of public debates. During these years, even the traditional compagnonnages began to change, seeking to replace the narrow sect-based solidarities with cooperation across trades and groups (Sewell 1980:221).

The 1848 Parisian revolts that toppled the July Monarchy pushed this transformation even further. During the intense months between February and June 1848, the Parisian workers gained unparalleled influence over the Provisional Government through the Luxembourg Commission (the Commission de gouvernement pour les travailleurs, created by the government to reorganize labour). Workers organized around republican corporations that reproduced all of the features of impersonal organizations: impersonality, open-access, internal mechanisms of
leadership selection and accountability, and coordination of collective action through communication. In Sewell’s words:

The corporations constituted by workers in the spring of 1848 were democratic and republican in structure. They embraced all workers in the trade and were governed by democratic procedures. All officers or delegates were chosen by universal suffrage of the trade, and important matters were often debated and voted on by assemblies of the entire corporation (Sewell 1980:256).

In addition to adopting these impersonal features, during the campaign for the election of the Constitutional Assembly in April 1848, the corporations became electoral committees that tried to promote their own candidates. Parisian workers were using, for the first time, their capacity to act collectively to influence political decision-making through the established republican institutions. However, their inability to coordinate worker candidacies instead of pulverizing the vote by presenting candidates for each corporation brought upon them a dramatic defeat in the elections, and weakened their ability to influence the new republican government (Sewell 1980:261).

Many of these corporations did not survive the brutal repression of Louis Napoleon after the coup d’état of 1851. Working class associations retreated during the first decade of the Second Empire back to their “apolitical” outward forms as mutual-aid and philanthropic societies, credit unions, and multi-trade associations. However, the effect of 1848 on the organizational transformation of urban workers was irreversible. After the failure of the Second Republic, the labour movement refashioned itself outside of state institutions, partly shaped by
the mutualist anarchism of Pierre-Joseph Prudhomme and partly due to the heavy surveillance of the Napoleonic coercive apparatus. Significantly, these groups did not fall back to personalistic forms of solidarity, but rather perpetuated the impersonal characteristics of their republican origins.

Therefore, when the Second Empire liberalized in 1860 and allowed for some genuine representation of the opposition in the legislature, many of these organizations were ready to take the opportunity. By now they had learned the lesson of the 1848 elections and pushed for the right to present workers’ candidates for public office. These demands, as expressed in the Manifeste des Soixante in 1864, are a great example of how workers’ perception of their position vis-à-vis the state had changed by then:

There is no doubt that in the good old times, the times of divine law, when the kings and nobles pretended to be, by God’s design, the parents and elders of the people, when welfare and equality were relegated to heaven, charity had to be a social institution. But in the times of the sovereignty of the people, of universal suffrage, charity cannot be but a private virtue. Alas! The vices and handicaps given by nature will always leave the need for fraternity; but undeserved misery, that which, under the form of disease, low wages and unemployment, traps the vast majority of good-willed working men in a fatal circle where they struggle in vain, can and will be eradicated. Why has nobody made this distinction? We do not want to be clients or assisted; we want to become equals. We reject alms; we want justice…

Let us examine the current situation without bitterness and prejudice. What does the democratic bourgeoisie want that we do not want with the same fervour? Universal
suffrage without any restrictions? We want it. Freedom of the press, of assembly, to be
governed by the common right? We want it. The complete separation of Church and
State, a balanced budget, municipal autonomy? We want all of that.

Well! Without our cooperation, the bourgeoisie will hardly obtain or maintain any
of those rights, of those freedoms, which are the essence of any democratic society.

What do we want more specifically or more forcefully than the bourgeoisie, since
we are the most interested in obtaining it? Free and obligatory primary education and
freedom to work (Tolain reproduced in Gallica n.d.:43, my translation).

The tone of the manifesto was moderate and consistent with the liberal values of the
bourgeoisie. More importantly, it showed a new understanding of the political role of societal
actors. The author, Henri Tolain, squared the circle about how societal organizations, which
represented a particular section of the population (in this case, workers), could play a political
role that was consistent with the protection of the general interest: by asking for universalistic
rights rather than particularistic privileges; by asking for equal influence on policy-making rather
than exemptions from its application; by asking for public goods rather than private.

The softening of organizational repression began in the Second Empire with the law
Ollivier that legalized strikes (1864). After the collapse of the Empire and the construction of the
Third Republic, organizational freedoms were expanded. In 1884, the law Waldeck-Rousseau
abolished the law recognized the right of association for trade unions, chambres syndicales. As a
result, the number of unions rapidly grew, increasing “from 68 in 1884 to 1006 in 1890, 3287 in
1900, and 5354 in 1908” (Rosanvallon 2007:174). Their growth was exponential largely because
many of those organizations already existed under different names before the law granted organizational rights.

The creation of the Confédération Générale du Travail (CGT) in 1895, not only increased the numbers of organized labour—more than a million workers were unionized in 1914 (Rosanvallon 2007:174)—, but also provided a nationwide network whereby the French labour movement could act collectively, while each local and industrial organization remained relatively autonomous from the CGT leadership (Shorter and Tilly 1974:165-171). The union movement thus gained leverage to face industrial conflicts, but it also contributed to the growing strength of the working-class political movement through the creation of the Socialist Party (Section Française de l’Internationale ouvrière, SFIO) in 1905. Even though the shop-floor and political arms of the labour movement were intimately related, they remained independent from one another, even after the socialists took office in the 1930s and state-corporatist pressures began to emerge (Shorter and Tilly 1974:171).

In sum, the French working class developed over the course of the 19th century the capacity to create political organizations with little membership requirements and a great degree of autonomy from the state and from the elites. Workers were no longer mobilized by the promise of rents and privileges, but rather by the demand of universal rights and public goods. Changes in their demands were accompanied by changes in their attitude towards the state. If before 1789 corporations saw themselves as subordinates of a king who granted them the right to work in a particular trade, by 1884 they had become the sovereign people demanding the accountability of state authorities. As a result, they drove, along with the republican middle-classes, the transformation of the organizational landscape of civil society.
The transformation of peasant society began much later than in the case of urban workers, largely because the organizational infrastructure of the revolutionary clubs remained active in urban areas longer than in the countryside. In the aftermath of peasant mobilization during the great journées of the revolution, local solidarities rekindled in some parts, but tensions between peasants and large estate-owners continued to emerge around communal property and local grievances (Weber 1980). However, during the Restoration and the July Monarchy, these conflicts were never articulated as part of a national political movement, especially since before 1848 the majority of the rural population was not qualified to vote in national elections.

In many ways, rural associationalism during the first half of the 19th century also borrowed some of the bourgeois forms of the revolutionary years, the cercles, lodges, fraternities, clubs, and mutual-insurance societies (Agulhon 1982:125-128). However, contrary to the urban areas, wealthier landowners and local notables (lawyers, doctors, teachers, and even artisans) still held considerable influence over the population by providing patronage and private assistance (Agulhon 1982:152-158). Traditional patterns of mobilization, focused on local grievances and articulated around village solidarities continued to dominate village politics at least until 1848. These events took the form of grain riots, tax-revolts, charivari, and other “pre-political” forms of popular collective action to demand private goods (Tilly 1978:240-242; Sewell 1990:540-545).

There is significant disagreement amongst historians about whether the campaigns that the 1848 republicans launched nationwide for a “Democratic and Social Republic” (democ-soc) really transformed the political identities of peasants, and whether their message was perceived “as a modern component of national political ideology” or “in terms of local factions and tensions” (Weber 1980:534; Sewell 1980:244, 266; also see Agulhon 1982; Karnoouh 1973;
Mesliand 1976; Margadant 1979). For example, for Maurice Agulhon the transformation of Provence began with the electoral campaigns of the republicans before the elections of April 1848, when the clubs sent representatives to the communes and the Provisional Government instructed teachers and public officials to politicize (i.e., republicanize) the peasantry (Weber 1980:538). William Sewell suggests that the “republicanisation” of Marseillaise workers took place a bit later, only after the defeat of the republicans and the workers in April and June 1848 (Sewell 1971; 1980:244). Eugen Weber argues, however, that Marseille and Var, in Provence, were areas where the fluidity between cities, towns and villages was higher than in the rest of the country (Weber 1980). Instead, the more common reaction of the peasantry to the democ-soc movement was to react to national politics through the mediation of local notables and personalistic networks (Weber 1980:549). Historians of rural elections during the Second Empire and the first years of the Third Republic agree with Weber’s assessment that notable politics were still dominant, especially in areas dominated by the conservatives, in the 1870s and 1880s (Kreuzer 2001:14, 45-51, 91; Hanley 2002:35-36)

We will see a first attempt at incorporating the peasantry into the national political arena through the creation of the Société des agriculteurs de France (SAF). The SAF was created first as a conservative association of landowners that enjoyed the support of Louis Napoléon in 1868, but then opened its membership to agrarian syndicates after the 1884 law on trade unions, becoming the Union Centrale des Syndicats Agricoles (UCSA) with 600,000 members by 1896 and 900,000 by 1911 (Charle 1994:126; Mayeur and Rebérioux 1984:64-65). These conservative agricultural syndicates were structured around state corporatist and social Catholic principles that emphasized reconciliation and inter-class unity. In response, in 1886, the republicans created the Société nationale d’encouragement à l’agriculture, which was used as a vehicle for republican
landowners to mobilize peasant support. With these mass-based organizations, some degree of impersonality began to shape political mobilization in the countryside during the last years of the 19th century. However, these organizations were mostly oriented to provide services (credit, technical training, and insurance) rather than political mobilization. Furthermore, the state-corporatist logic under which they were created positioned them as subordinates of national political patrons.

Local notables and their political connections with national elites dominated the chambres d’agriculture and the larger peasant organizations until WWI. Peasants thus remained the last source of personalistic power. However, by the 1870s and 1880s, these personalistic relationships were no longer enough to counteract the movement towards impersonality experienced by the rest of French civil society. The growth of urban populations and the adoption of impersonal organizational forms by national interest groups increasingly marginalized local elites.

The urban middle classes, especially those with republican or liberal affinities, were the first to structure their political activities around impersonal organizations, ever since the creation of political clubs in the eve of the 1789 revolution. Actually, workers developed the new organizational strategies through their involvement with the republican clubs during the revolution and in its aftermath. For example, la charbonnerie was a movement that emerged in the early days of the Restoration under the leadership of former Napoleonic officers. It attracted a large number of young soldiers, students, lawyers and merchants (Pilbeam 1982:352-353; Tardy 2010:72). This organization counted at its height in the 1820s about 50,000 to 60,000 men and pushed for the revolutionary principles of equality and fraternity (Tardy 2010:69). Its organizational structure was inspired on the masonic lodges, with relatively elitist entry
requirements and built through hierarchically structured cells of about twenty members where only one of them knew the group above (Pilbeam 1982:353). La charbonnerie thus combined features of personalistic and impersonal organizations, where within-group trust was extremely strong but there was also an impersonal element of coordination across a large number of cells distributed throughout the country. It maintained a hierarchical structure where the leadership was not accountable to the rest of the members, but this did not mean that the organization could be turned into a subordinate of state authorities through patron-client connections. On the contrary, the movement was distinctly in opposition to the monarchy (Tardy 2010:70).

The organizational structure of the charbonnerie was often used as a template for subsequent republican organizations, for example the Société des droits de l’homme, which operated as secret societies since they were the objects of governmental repression during the Restoration, the July Monarchy and the Second Empire (Huard in Bermeo and Nord 2000:140-141). Therefore, we can identify clear organizational continuities in the republican movement in France that connected the Jacobin clubs to the charbonnerie, to the Société des droits de l’homme in the 1830s, to the Société Republicaine and the Club de la Révolution in 1848, and then splintered into the social republicanism of the Paris Commune and the moderate republican deputies of the Third Republic.

If republicans were at the forefront of these organizational strategies, liberals were not far behind. Under the Restoration, liberals committed to the principles of constitutional rule and private property organized under the name of Aide-toi, le ciel t’aidera (Pilbeam 1990:172; Huard in Bermeo and Nord 2000:140). This association, which was really a network of local committees, was created to educate prospective electors and help them denounce irregularities in the elections of 1827. Their attitude towards the state—the Bourbon monarchy—was one of
defiance within the boundaries of the law. Many of its members took part in the toppling of Charles X in 1830, and became some of the most influential liberal ideologues of subsequent regimes, namely among them Benjamin Constant and François Guizot during the July monarchy and Adolphe Thiers during the Third Republic.

More generally, middle-class organizations adopted impersonal organizational strategies under the Second Empire (Nord 1995:16). By the 1870s, la “republique maçonnique” was characterized by impersonal relations, democratic accountability between their members, and a strong autonomy from the state. Freemasonry represented a key source of ideological influence, political support, and local organizational resources for republican politicians, and contributed to the foundation and expansion of political parties such as the Parti Républicaine in 1871 and the Parti Radical in 1901 (Nord 1995:16; Kreuzer 2001:34; Hanley 2002). Similar associations emerged among students and academics in Paris as they organized to resist the encroachment of Louis Napoleon (Nord 1995:46-47). Employer organizations also became increasingly active. Chambers of commerce and business associations developed as competent interlocutors, rather than clients, of the state (Nord 1995:48-63; Lemercier 2003a; 2003b; 2007). By the end of the century, even conservative organizations, allied to economic interest groups or the Catholic Church, “shifted their programmatic focus from the defense of old, particularistic prerogatives to advocating more general economic policies”, as was the case of the Société des agriculteurs de France, the Ligues de contribuables, and the Fédération des industriels et commerçants (Kreuzer 2001:48).

The case of the public servants is a particularly revealing example of the transformation of organizational strategies among the middle classes. During most of the 19th century, the bureaucracy was both feared and despised. Actors from all sides of the political spectrum saw the
administration as a source of corruption, mismanagement of public finances, and inefficiency (Rosanvallon 1990; 2007; Church 1981; Delalande 2011; Chatriot 2013). The administration was a source of political capital for politicians of all colours. Ministers and other fonctionnaires had direct access to political elites (especially members of parliament), while the common employees (employés) who handled the everyday operation of the ministries depended on the political connections and arbitrary decisions of their bosses (Church 1981:9-11; Thuillier and Tulard 1987:110). Positions were often inherited from father to son or distributed as political rewards. Most parts of the bureaucracy had no statutes, collective representation, or clear entry requirements (Church 1981; Rosanvallon 1990). In most ministries and governmental agencies, career advancement was subject to the support of political patrons. Only those areas concerned with military or technical issues (public works) became islands of Weberian professionalization, through the creation, for example, of the École polytechnique. Civil servants would have to wait until 1898 to obtain the right to appeal disciplinary sanctions imposed by their bosses (Thuillier and Tulard 1987:155).

The first indications of contestation by employés against this system are found in the administrative press of the 1840s (Thuillier and Tulard 1987:249). Low-level bureaucrats began to actively break with patronage politics during the turmoil of 1848, when they successfully opposed the creation of the first École Nationale d’Administration, which, according to them, would have enhanced their position as subordinate clients (Church 1981:289, 306). By 1862, discussions about the need to create a syndicalist organization to counterbalance the power of the fonctionnaires were common (Thuillier and Tulard 1987:249).

By the turn of the century, employees of the public administration had been able to detach themselves from political networks of patronage to form impersonal—albeit not legally
recognized—associations of interest representation. Despite the law on trade unions of 1884, public servants were not allowed to unionize (Rosanvallon 1990:88). For this reason, the main debate at the time was between the “statutistes”—those who pursued the creation of a public statute that would stipulate the conditions of recruitment, career advancement, salaries, and disciplinary procedures—and the “anti-statutistes”—who demanded instead the recognition of the right to unionize and strike. The anti-statutistes would win the upper hand in this struggle once the law on associations was passed in 1901. A few years later, public servants formed their first legally recognized organizations (Fédération des associations de fonctionnaires in 1905). By 1913, the Fédération des fonctionnaires counted 200,000 members, and would reach 350,000 by the 1930s, after its affiliation to the CGT in 1919 (Rosanvallon 1990:89; Nord 2010:28).

To summarize: by the end of the Second Empire in 1870, the organizational structure of French civil society was very different from what it had been at the beginning of the 19th century. Major portions of the popular classes—workers, poor urban-dwellers, the lower middle classes, and some parts of the peasantry—had developed impersonal organizations that were not under the control of the elites. As we will see below, these organizations were necessary for a democratic social contract to consolidate after 1870 for two reasons. First, they were the main actors that repeatedly forced open the authoritarian spoils systems of the 19th century: the Restored Bourbon Monarchy (1815-1830), the Orleanist July Monarchy (1830-1848), and the Bonapartist Second Empire (1851-1870). Second, most importantly, once democratic institutions were established in 1875, with parliamentary supremacy and universal male suffrage, impersonal popular organizations prevented elections from becoming merely a competition between rival clienteles to capture state power.
5.2.2 The Impossibility of Political Order in a Shifting Political System (1814-1871)

In the previous section, I argued that the organizational structure of French civil society was gradually transformed over the course of the 19\textsuperscript{th} century. The expansion of organizational resources during the French Revolution and the decades of repression weakened personalistic organizations and created the opportunity for alternative strategies of popular mobilization to emerge. In this section and the next, I show how this transformation of French civil society caused political instability from the end of the revolution to 1871, and how, once this transformation was completed, it made possible the consolidation of political order through a social contract.

Table 5.2 Transformation of the logic of political order in France

<table>
<thead>
<tr>
<th>Stages of political order</th>
<th>First Cycle</th>
<th>Second Cycle</th>
<th>Third Cycle</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Spoils system collapses due to the opposition of impersonal organizations.</td>
<td>1830—July Revolution</td>
<td>1848—Parisian workers’ revolts</td>
<td>1860-1870—Liberalization of Second Empire and collapse after Franco-Prussian War</td>
</tr>
<tr>
<td>2. Efforts to establish social contract.</td>
<td>1830—July Monarchy is established as a constitutional regime.</td>
<td>1848-1851—Second Republic</td>
<td>1870—Birth of the Third Republic</td>
</tr>
<tr>
<td>3A. Social contract is captured by personalistic organizations.</td>
<td>1834-1848 July Monarchy is repeatedly accused of corruption and cronyism.</td>
<td>1851-1852—Self-coup of Napoleon III</td>
<td></td>
</tr>
<tr>
<td>4A. Heightened organizational repression; popular classes mobilize around impersonal relationships.</td>
<td>1834-1848 Repression against working class organizations.</td>
<td>1851-1860—Repression against working class organizations.</td>
<td></td>
</tr>
<tr>
<td>3B. Consolidation of the social contract</td>
<td></td>
<td></td>
<td>1871-1940—Third Republic</td>
</tr>
</tbody>
</table>
Table 5.2 illustrates how the logic of political order mutated over the 19th century, ultimately breaking the cycles of political instability. In the aftermath of the 1789 revolution, only a small minority of the population was mobilized through impersonal organizations. However, the mobilizational capacity of these groups was very strong, since they inherited the ideological and tactical resources of the revolutionary clubs and societies. Especially after the Restoration of the Bourbon monarchy in 1815, these organizations—liberal clubs, republican secret societies (la charbonnerie) and working class mutual-aid groups—saw themselves as the heirs of the revolutionary concern for the general interest and the opposition against particularistic privileges. Therefore, they repeatedly mobilized significant numbers of people to bring down regimes built as spoils systems. This pattern present in the July Revolution of 1830 that toppled the Bourbon monarchy, in the Parisian revolts of 1848 that toppled the Orléans monarchy, and in the organized opposition that drove the liberalization of the Second Empire and replaced it after the defeat of Sedan.

Nevertheless, during the first decades of this period, impersonal organizations were not strong enough to resist the pressures of private interests on the state. They had the power to challenge political order, but not yet to rebuild it. The breakdowns of political order in 1830, 1848 and 1870 were followed by efforts to rebuild the state as a social contract around liberal ideals of the general interest. In 1830 and in 1848, these efforts failed, since entrenched personalistic interests immediately preyed upon them to transform the state once again into a spoils system (first, with the institutional corruption of the July Monarchy and, later, with the drowning of the Second Republic under Napoleon III).

As those regimes became more personalistic, they relied again on the allocation of privileges and rents, and increased organizational repression, especially against the popular
classes (in 1834-1848 and again in 1851-1860). Repression, however, did not push the popular classes to seek access to the spoils system through old personalistic connections, as we will see it happen in Mexico. Instead, they increasingly joined existing impersonal organizations or created their own, radicalizing their opposition against personalistic regimes and starting again a cycle of instability.

By the time the Third Republic was established, impersonal organizations were already the dominant organizational form. They had become strong enough not only to bring down regimes built as spoils systems but also to prevent the capture of the state by personalistic interests. As they pushed for the expansion of organizational rights, they acquired the institutional levers to monitor the behaviour of the state, finally consolidating political order through a social contract. Let us now look at this long-term transformation of the French political system in more detail.

5.2.2.1 First Cycle of Political Order: From the Restored Monarchy to the July Monarchy

After the defeat of Napoleon by the European powers in 1814-1815, a new charter established a regime with very restricted suffrage and vague limits on the power of the Bourbon monarchy. Constitutional debates at the time made evident the tensions in the relationship between the king and societal actors. Royalists referred to the document of 1814 as a chartre, a charter, not as a constitution, to emphasize that it was a royal grant (octroi) and not a contract between the king and his subjects (Rosanvallon 1994). From this perspective, society was to remain subordinate to the king. The extremely restrictive elections to the Chamber of Deputies were not there to check the power of the monarchy, but rather to display support for the
government’s wishes. In the 1820s it was common practice that the prefects instruct the electors in their constituencies to “vote correctly” (Gemie 1999:23). Despite the façade of constitutionalism, the Bourbon monarchy was still based on the paternalistic logic of a spoils system.

Moreover, the church began to recover some of the power and privileges that it had lost during the revolutionary years and with the Concordat. Its political presence was conspicuous as clergymen began to occupy high-level positions in the government, in the electoral colleges, and in educational institutions (Pilbeam 1982:354). The main contentious issue was, however, around the ecclesiastical and aristocratic properties that had been confiscated and sold again as biens nationaux. The Charter had recognized the land settlement of the revolution, returning the biens nationaux that had not yet been sold by 1815 to their pre-revolutionary owners. Then, in 1825, the Loi du milliard aux émigrés granted compensation for those whose property had been confiscated and sold before 1815, generating significant opposition from the republican and liberal groups, especially amongst those who had purchased land and worried about the future of the settlement.

The foundations of the Bourbon spoils system began to shake when impersonal organizations mobilized to monitor and oppose the government. In the run-up of the 1827 elections, the liberal association Aide-toi, le ciel t’aidera planted the seeds for a political crisis. In order to counteract the manipulation of elections by the prefects and ministers, the members of Aide-toi organized committees to enforce the political rights of everyone who was eligible to appear—based on tax contributions—in the electoral lists. The organization produced written materials that explained the process of the election to prospective electors, and offered advice about how to take legal action if irregularities left them off the lists (Pilbeam 1982:361). These
actions, characteristic of impersonal organizations that try to influence policy-making and monitor state authorities, had a huge effect on the elections, which produced a divided parliament between royalist and liberal deputies.

The tensions within parliament escalated over the next couple of years. In 1829, the king imposed new ministers predominantly from the ultra-royalist ranks. The liberals and their supporters, grouped around Aide-toi and similar organizations, addressed public opinion denouncing what they saw as an unconstitutional government acting against the gains of the revolution (Pilbeam 1982:363). In March 1830, the parliament passed a motion of no confidence against the king’s ministers, and the king dissolved parliament. However, after the new elections, the liberal contingent maintained its strength in the chamber. The king, in response, unilaterally passed four ordinances, which dissolved again the new parliament, reduced the electorate to a quarter of the richest prospective electors, imposed new restrictions on the press, and then called for new elections (Pilbeam 1982:365). At this point, the political crisis that had remained mostly within parliament and amongst the intellectual circles also hit the popular classes.

Economic recession between 1827 and 1832 and bad harvests from 1825 to 1828 increased the prices of foodstuffs, causing outbursts of popular unrest. The king’s four ordinances then sparked a full blown popular uprising in the streets of Paris. Newspaper workers were the first to revolt when royal forces closed the presses. Other artisans, merchants and members of the skilled trades joined the protests, which they perceived as a violation of legality by the king. An open combat erupted for three days (July 27-29) when around 7000 troops were deployed to contain the riots and protect public buildings (Pilbeam 1983:833). The army operations and the distribution of food, water, and ammunition to the soldiers were poorly planned, while the Parisian workers built barricades all over the city and enjoyed the support of
the majority of urban-dwellers. Soldiers deserted and refused to shoot at their compatriots. By the third day, the king fled. A group of liberal deputies set up a provisional government and declared Louis Philippe, from the family of the Orléans, king of the French.

The new regime was established as a liberal constitutional monarchy. It made some modest expansions to the size of the electorate and recognized again freedom of expression and the press. The July Monarchy was born with the expectation that it would be a social contract, bound by legality and at least some degree of (restrictive) democratic representation. Contrary to the charter of 1814, the new constitution would not be *octroyée* (granted) but was a document that bound the king to the rule of law. Louis Philippe’s oath was clear on this point, not pronounced at the Rheims cathedral but in a parliament chamber:

> In the presence of God I swear faithfully to observe the constitutional charter, as modified in the declaration; to govern with and by the law; to dispense justice to all, according to their rights, and in all things to have as my sole guide the interests, well-being and glory of the French people (Pilbeam 1990:166).

It was also clear, however, that the political crisis started by liberal-bourgeois deputies and intellectuals had been successful only thanks to the fight of the Parisian workers. Emboldened, the workers organized around new associations—mutual-aid and philanthropic societies, as well as republican political groups such as the Société des droits de l’homme—to push for their demands concerning wages and maximum working hours (Sewell 1980:194-201). The new government initially dismissed them with condescension. As the workers developed stronger and more radical organizations, in 1834, the government implemented harsher
repressive measures against these groups. It restricted the right of association, outlawing all the organizations created after 1830, and cracked down on the workers revolts in Lyon and Paris (Sewell 1980:196, 217-218).

The July Monarchy soon became characterized by accusations of corruption and cronyism, as the political logic of a spoils system encroached over the state. High-profile scandals were common in the press, reaching some of the highest members of the Orleanist elite. La Presse, a popular opposition newspaper, accused François Guizot, Minister of Foreign Affairs and the most important political figure of the monarchy, of trying to obtain favourable coverage by the newspaper in exchange for an appointment for the owner’s father in the administration. The owner of La Presse then publicly denounced that Guizot subsidized rival newspapers, sold positions in the Chamber of Peers (the equivalent of an appointed Senate) for 80,000 francs, and trafficked with titles, honours and licenses (Fortescue 2002:90-91). Other scandals involved granting concessions and public contracts to joint-stock companies created by ministers and deputies of the government (Fortescue 2002:91-92).

The corruption scandals were enhanced by the laissez-faire economic policy and by some of the institutional features of the conservative monarchy (Price 2001:10). An apparently dogmatic attachment to economic liberalism—which in practice entailed significant government intervention to generate rents for supporters—was used by the monarchy to ignore the impoverishment of the popular classes. The poor and unemployed in turn accused the wealthy of being selfish and causing the economic crisis of 1845 through speculation and hoarding.

Furthermore, corruption was not always related to illegal behaviours, but also to certain institutional characteristics that made it possible for the regime to be captured by private interests. Limitations on suffrage and the lack of regulations about who could serve as a deputy
made it easy for the government to push public employees to run for office (the infamous *deputés-fonctionnaires*). These bureaucrats continued to earn their living from their salaries in the administration while also serving in the Chamber of Deputies, and thus were very unlikely to vote against the wishes of the monarchy. Moreover, the small size of the electorate and their ability to use the administration as a source of patronage made it easy for official candidates to buy votes and get elected (in 1846 only 241,000 men were enfranchised) (Fortescue 2002:85). In response, republican circles insisted that suffrage restrictions were the cause of the institutional corruption of parliament (Fortescue 2002:90).

It is not clear that the July Monarchy was more corrupt than preceding regimes, but the perception of corruption was much higher and more offensive in the eyes of the population for various reasons (Fortescue 2002). First, the legitimacy of the monarchy originated from its defence of legality against the abuses committed by Charles X. The July Monarchy had been explicitly established with the claim to be a social contract that respected the rule of law and protected the general interest from particularistic ambitions. Second, certain sectors of the population (radical republicans, liberals in the opposition, and urban workers) had developed organizations to denounce state abuses. Even if these groups were not strong enough to take power and maintain it, they had the capacity to influence public opinion. Therefore, by the 1840s political corruption was more visible and less tolerable to a large portion of the population, including those with the organizational resources to oppose it.

### 5.2.3 Second Cycle of Political Order: From the July Monarchy to the Second Empire

The opposition began to organize in 1847 to address electoral corruption. Banquets were held around the country to discuss reform proposals, organized by moderate liberals who
continued to support an Orléans monarchy but wanted a change in the government dominated by Guizot. The reform banquets gave this “dynastic opposition” a way to organize without being sucked in by the corrupt dynamics of parliament, while at the same time escaping from the organizational repression of the state and preventing a revolutionary outburst by agitating the masses (Gemie 1999:117). Outwardly, the banquets were little more than meals that gathered respectable citizens who paid fairly high fees to attend.

As this form of political mobilization gained popularity, other groups started to adopt the same strategy. In late December 1847, a group of carpenters, engineers and minor officers tried to organize a banquet that expected to gather several thousands of people, but in January the Prefect of Police suppressed those preparations (Gemie 1999:122). A month later, another banquet was discussed, now mostly by notables but with representation from the other, more disruptive, sectors of the opposition (students and workers). The Ministry of Justice declared the banquet illegal and banned it. Nonetheless, on February 22, a group of workers gathered at the site where the banquet was supposed to be held. Other groups of artisans and students took on the streets. Barricades began to be built and confrontations with soldiers escalated. The National Guard—the civil militia created since the days of the 1789 Revolution—sided with the people. A day later, Guizot announced his resignation (Gemie 1999:125).

Members of the opposition in parliament started to form a cabinet. However, shootings while a crowd marched in front of the Foreign Ministry took the lives of several people. This incensed the Parisian workers who by the next day began taking the main public buildings: the Hôtel de Ville and the Tuileries. The king abdicated and fled to England, and a new Provisional Government proclaimed the Republic (Gemie 1999:126).
The popular classes, especially the Parisian workers, had once again made a political crisis initiated by the liberal bourgeoisie defeat a monarchy. This time, the workers were better organized, especially thanks to their relationship to the republicans. As a result, the Provisional Government included some of the leaders of the social republicanism of the 1840s, namely Louis Blanc, Ferdinand Flocon, editor of the opposition newspaper Réforme, and Alexandre Martin “Albert l’Ouvrier”, who was a militant worker and member of the secret societies of the 1830s and 1840s.

Impersonal popular organizations had contributed once again to the collapse of a spoils system. The republic was now re-founded as a new attempt to establish political order through a social contract. The Provisional Government decreed freedom of the press and association, convened a National Assembly elected through universal manhood suffrage, opened the National Guard for all adult male citizens, and began to take actions on behalf of the workers (Sewell 1980:245). It established a special agency, the Luxembourg Commission, to reorganize labour relations, and granted the “right to work”, which led to the creation of National Workshops that provided paid work for the unemployed (Sewell 1980:244-245).

The workers were the strongest they had ever been. They organized the trades around new republican corporations that had a huge influence on the Luxembourg Commission and on the new government. Between the last days of February and June 1848, these corporations used the Commission to intervene in conflicts between workers and employers, and they served as the organizational infrastructure for workers to participate in the elections to the Assembly in April (Sewell 1980-258-262).

The elections, however, made evident that Paris was not France and French workers were not the entire French citizenry. In 1848, urban workers represented a small minority in a country
where more than three quarters of the population remained rural (Sewell 1980:266). The Provisional Government had failed to address the grievances of the peasantry concerning indebtedness, credit, common lands, agricultural crises and a slump in wine sales (Fortescue 2005:97). The creation of the National Workshops and the radical demands of the republican corporations also raised fears of revolutionary terror, increased taxation and confiscation of property. As a result, workers were defeated in the elections by conservative candidates, and were pushed once again to play the role of a disgruntled opposition against an increasingly conservative government.

The results of the elections produced some riots and revolts by workers and republican clubs that were promptly put down by the government. Many of their leaders were arrested and imprisoned after a massive demonstration on 15 May that invaded the National Assembly (Fortescue 2005:104). The National Workshops were closed in June 23, and another mass revolt followed (Sewell 1980:272; Fortescue 2005:107). These protests were brutally put down by the government, under the command of General Cavaignac, who received full executive prerogatives. The dictatorial powers granted on Cavaignac were then turned against the press and a new round of repression began (Fortescue 2005:114).

As the workers were weakened, another political faction, unrelated to the monarchists, the liberals, and the republicans, was gaining salience: Bonapartism. Three members of the Bonaparte family won seats in the April election, and Louis Napoleon, nephew of Napoleon I, won a seat in the by-election of June (Fortescue 2005:105-106). The Napoleonic legacy could attract votes across the political spectrum, since it appealed to images of an ordered society and a conservative state, patriotism and empire, national glory and the 1789 Revolution. Therefore, Louis Napoleon’s candidacy for the presidential elections of November attracted, for different
reasons, groups of conservatives, liberals, Catholics, socialists, republicans, workers, and especially peasants, who represented the majority of voters. In the end, Napoleon won the presidential elections of November 1848 with almost 75% of the votes (Fortescue 2005:135; Price 2001:18).

The social contract was in danger but had not yet crumbled. However, the repression against republicans and workers made it possible for personalistic interests to gradually capture the state. The collapse of the republican social contract was only completed with the coup d’état of December 1851 and the proclamation of the Second Empire a year later (Price 2001:34, 43). Revolts erupted in the provinces, but they were brutally put down. After that, few were willing to oppose Louis Napoleon. The republicans were too weak after four years of mounting repression. Everyone else, begrudgingly or enthusiastically, embraced the promise of order brought by the new Emperor.

The Second Empire was established as a hybrid between a social contract and a spoils system. Louis Napoleon saw himself as the undisputed sovereign, without any institutional checks or requirements of accountability. However, his legitimacy did not come from divine right but from the popular will, which he consulted through frequent plebiscites (Price 2001:95). As he said shortly before the 1851 plebiscite that legalized the coup: “if I no longer possess your confidence, if your ideas have changed, there is no need to make precious blood flow, it is enough to place a negative vote in the ballot box. I will always respect the people’s judgment” (quoted in Price 2001:45).

Nevertheless, Napoleon approached democratic participation in a delegative and populist fashion (O’Donnell 1994). His goal was to unite the country under a strong state, removing party divisions and becoming himself the embodiment of the general interest (Price 2001:44-45).
Democratic participation served the purpose of legitimising his actions, but did not serve as a check on his power (Price 2001:45). Therefore, during the 1850s, societal actors could not monitor the activities of the government, and could only interact with the state as subordinates. Those organizations that were willing to accept that subordinate position would be tolerated and even rewarded; the rest would be repressed (Price 2001:28-29, 159-162).

Representative institutions were established in the form a popularly elected Corps Législatif and an appointed Senate. The Corps Législatif played mostly a consultative function. It could not initiate legislation, form or bring down governments (ministers were appointed by the Emperor), or even ask ministers to appear before it. It could only approve or reject laws and taxes but not discuss amendments (Price 2001:65). The Senate had more power, since it served as a constitutional court, having the attributions to reject legislation or governmental actions that went against the constitution, religious morality, liberty, equality, property or national security. Nevertheless, the Senate was appointed directly by Napoleon and was a way of rewarding loyal supporters: members of his family, cardinals, soldiers, deputies, businessmen, and intellectuals (Price 2001:64). Very rarely would these institutions show signs of opposition against the government.

Universal male suffrage to elect deputies was recognized, but elections were far from being free and fair. Rather than organizing a Bonapartist party, Napoleon’s strategy was to present “official candidates” recruited from his entourage (Hanley 2002:24; Price 2001:100). During election times, the entire administration was mobilized in order to manage the electorate. Those who held public offices as mayors or prefects were encouraged to direct their clienteles to vote for the official candidates with the promise of rents, honours, and pork-barrel (Price 2001:109-111).
The system operated on the distribution of rents as selective incentives for supporters (Charle 1994:54). Loyal deputies and prefects could aspire to a career in the Senate or to become ministers, enjoying the perks of serving a grateful master. This opened attractive opportunities for private enrichment. Ministers had access to privileged information that allowed them “to engage in highly profitable financial speculation” (Price 2001:58-59). As a result, a sense of personal loyalty kept the administrative apparatus together. We can find evidence of this in how ministers, deputies and senators aged together with the regime. For instance, the average age of ministers went from 48 in 1852 to 59 by 1867 (Price 2001:59).

The regime also extended privileges to supporters outside of the administration. Business and landowning interests were given significant influence on policy-making (Charle 1994:55). In the Corps Législatif, they represented over 50% of the deputies elected during the 18 years of the Empire, while the rest were primarily military men, civil servants, and lawyers (Price 2001:67). In terms of the administration, 82% of the prefects came from the nobility or the upper bourgeoisie (Price 2001:82). In other words, economic elites were kept close to the political establishment, and could influence from within the interventionist economic policy of the Empire for their own private benefit. Those benefits could take the form of honours, public offices, business opportunities, or pork barrel. The selective allocation of road repairs, subsidies for public buildings, or railway lines, was a way of rewarding the loyalty of local notables, increasing their political capital in their communities (Price 2001:111).

Nevertheless, the Second Empire was different from the monarchies of the past. Louis Napoleon could not explicitly claim, like the kings of the Restored Monarchy did, that he was above the constitution; nor could he, as Louis Philippe did during the July Monarchy, entirely disregard the demands of the popular classes. He was the Emperor, but only because the people
wanted him to be. The Second Empire held elections and plebiscites with universal male suffrage, which even if manipulated made evident the need to legitimize political authority through public consent. Personalism was not enough to justify authority, and favourable public opinion was necessary to govern. The memory of 1848 was too vivid to forget this.

Second, even though the stability of the regime was built on a spoils system that maintained support through personal loyalties and selective incentives, the Second Empire was also characterized by its massive investment on public goods. One of Napoleon’s priorities was to industrialize the French economy. This entailed the construction of major infrastructural projects that included railroads, electric telegraph lines, and urban renewal (Price 2001:214-226). In the pursuit of this goal, he often went against powerful entrenched interests, opening the French market to international trade and breaking oligopolies in the financial sector (Price 2001:213, 227-240). The Empire also developed for the first time a comprehensive (if extremely paternalistic) social policy, which included housing for the poor, concerns about public hygiene, subsidies to keep the price of bread down, and support for (officially approved) mutual-aid societies (Price 2001:205-209).

Therefore, Louis Napoleon’s claim to represent the general interest was more than demagogic window-dressing. It was partly a genuine commitment to a distinctly Bonapartist view of the state where national glory came before individual interests (Price 2001:206). But it also derived from the knowledge that there was a growing sector of the population that could not be reached and disciplined through a spoils system because they lacked the connections to the notables that brokered political support for the regime. Past experience dictated that these groups—the radical republicans and (by now socialist) workers—had the mobilizational capacity to bring down a regime. For the Empire to maintain order, these groups needed to be appeased
and controlled, and the strategy to achieve that was a combination of harsh repression and paternalistic poverty alleviation policies. In this regard, Louis Napoleon encouraged the mutualist movement and repeatedly tried to coopt it by channelling financial resources to mutual societies in exchange for the authority to appoint their presidents and obtain their lists of members and statutes (Dutton 2002:41). Despite the growth in the number of mutual-aid societies that this generated, the Emperor was never able to fully control them and turn them into a stable basis of support.

The combination of a spoils system and a social contract was doomed to sooner or later generate conflict. During the early years of the regime, when republican and working class groups remained stunted by the massive repression of 1851 and its aftermath, the political system seemed stable. By the 1860s, however, the contradictions of the political system began to appear.

In the first place, the new public goods provoked resistance from those actors who were likely to pay for their production. The high costs of infrastructural development, urban renewal, and social policy concerned taxpayers in general, but especially economic elites. They worried about inflation and tax increases, particularly the imposition of an income tax, once the government faced an unmanageable public debt. Members of high finance, whose interests had also been hurt by the opening of financial markets, began to put pressure on the Emperor to give up some control over fiscal policy and public debt (Price 2001:213, 224-228). Napoleon gave in, and accepted the reforms that began the liberalization of the regime in 1860, establishing the requirement of parliamentary approval for supplementary financial credits.

The second source of discontent came from the aspects of the regime that operated as a spoils system. Significant portions of the elites—many liberals, moderate republicans, and conservatives—resented being political outsiders and started to run as opposition candidates to
the Corps Législatif. Additionally, Bonapartist supporters who failed to be rewarded—through official candidacies for example—joined the ranks of the opposition (Charle 1994:58, 73; Price 2001:125). Opposition, especially by the upper bourgeoisie, to electoral manipulation was not new. It was part of the demands for liberty that liberal-Orleanists voiced in 1830 and the “dynastic opposition” in 1848. These were reformers not revolutionaries. On the contrary, disgruntled elites feared a popular uprising. They would rather side with the Emperor and his promise of order than risking another popular revolution. Therefore, their strategy was to push from the inside for the liberalization of the Empire, as they had done with the Aide-toi campaign in 1827 and with the reform banquets in 1847 (Price 2001:292). Many of the leaders of this opposition were the same characters that led those previous efforts to liberalize the state without disrupting order, such as Guizot, Thiers and Barrot.

During the repressive period of 1851-1860, republican militants retreated to the domestic sphere. Few secret societies survived and the most radical members of its leadership had been killed, arrested or exiled during the revolts that preceded the Second Empire (Price 2001:352-353). However, as the regime softened repression and electoral politics began to open up, bourgeois republicans began to come out to the surface once again. They published newspapers and created a vibrant network of electoral clubs, organized meetings and public events. They were no longer secret societies but an open political movement, organized around impersonal relationships, with a national political agenda and the ability to resist cooptation by the regime (Price 2001:353). At the same time, these republican organizations gradually accepted to play according to the rules of the Empire, winning seats in the legislature and joining the liberal-Orleanists in pushing for reform through the established institutional channels (Price 2001:355). Their demands were distinctly middle class: full political rights, freedom of the press, secular
education, and protection of private property. Electoral mobilization domesticated the republican movement and created the schism between, on the one hand, the bourgeois republicanism that would take power after the collapse of the Empire in 1870, and, on the other, the working class movement that rallied around socialism.

The extreme Left component of republicanism remained closer to the militant social republicanism of 1848. This camp was further divided by the intellectualism of ideological debates. In its more moderate versions, its demands involved the right to work, more equitable taxation, free, public and secular education, and cheap credit to peasant farmers and workers’ cooperatives (Price 2001:370). In its more extreme ones, it remained committed to the overthrow of the Empire and the creation of a communist state or an egalitarian republic of small producers (Price 2001:365). In both cases, however, social republicanism was now part of a larger labour movement built upon a dense network of autonomous working class organizations.

Therefore, the contradictions in the political system triggered opposition within and outside political institutions, across social classes, and from particularistic interests and impersonal organizations. Entrenched business interests publicly criticized the government and often sabotaged its policies, while the fear of a socialist revolution—the “red scare”—was mounting (Price 2001:370, 376). At the same time, organized political elites, banding together around the liberals and the moderate republicans, started to win elections and force political reform from within the regime’s own institutions (Price 2001:121, 123-125, 379-388).

By 1860, even Napoleon acknowledged that in order to guarantee political stability, it was necessary to reduce personalistic power and increase societal checks on the government. First came the transformation of parliamentary control over the budget, followed by a wave of reforms that included some ministerial accountability to parliament (Price 2001:50). In 1864, the
law Ollivier recognized the right to strike as a major concession to the working class, and in 1867 a second wave of liberal reforms expanded freedom of the press, and recognized rights of assembly and strikes (Price 2001:510). In 1870, a new constitution was drafted and passed through a plebiscite. The new constitution increased the legislature’s rights to initiate debate and vote the budget and taxes. Even though the Emperor kept the right to name his ministers, they needed to have the confidence of parliament. The Senate would no longer function as a constitutional court, but would serve as an upper chamber with similar attributions as the Corps Législatif (Price 2001:52).

The political system was thus abandoning some of its personalistic features, and creating monitoring mechanisms—modest but still relevant—whereby civil society could have some degree of control over state authorities (Huard in Bermeo and Nord 2000:146). The liberal Empire would not survive for long, however. The defeat against the Prussian armies came quickly in September 1870, and when Napoleon was captured during the battle of Sedan the moderate republicans and liberals rushed to take power.

To recapitulate: by the end of the Second Empire, civil society actors, mostly organized around impersonal organizations, had brought down the spoils systems of the Restored and July Monarchies, and had forced the liberalization of the Second Empire. They had also attempted to establish social contracts with the constitutional monarchy in 1830 and the Second Republic in 1848, but personalistic interests had quickly captured those political systems. Under the liberal-republican leadership, they were once again setting out to build a new social contract, except that this time they would succeed.
5.2.4 The Consolidation of a Social Contract under the Third Republic

According to institutionalist approaches, by 1871, France had reached the doorstep conditions for the emergence of a social contract: elites enjoyed the rule of law, they could create and interact through perpetually-lived organizations, and the military was under political control (North, Wallis, and Weingast 2009:226-227). During the following years, organizational rights were also recognized and expanded to the majority of the population. Indeed, under these conditions, North, Wallis and Weingast would expect a social contract to emerge.

However, these institutional features are not enough to explain why the Third Republic succeeded when previous efforts to establish political order through a social contract had failed. As we saw before, during the early days of the July Monarchy (before 1834) and during the Second Republic (before 1849), the three doorstep conditions were present and organizational freedoms were granted, but strong personalistic interests quickly captured the newly established social contracts, increased organizational repression, and repeated the cycle of political instability.

Instead, in order to explain the consolidation of a social contract during the Third Republic, we must look at the organizational structure of civil society. As argued in Chapter 3, solutions to the coordination of collective action tend to generate path-dependent trajectories. For this reason, expanding organizational rights through universal suffrage and freedom of association does not fundamentally affect the strategies adopted by the population to coordinate collective action. In an environment dominated by personalistic relationships, electoral competition continues to be a struggle between rival clienteles to capture rents. On the contrary, in an environment where impersonal organizations are already present, electoral competition strengthens those organizations and, as they grow, personalistic connections become less
effective strategies of political mobilization. In other words, the precarious French Third Republic withstood the pressures of personalistic interests to capture the state for their own benefit, only because impersonal organizations were already dominant political actors in 1870.

Table 5.3 Causal logic and observable implications of alternative explanations for the successful transition into a social contract

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<th>Causal logic</th>
<th>Observable implications</th>
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<tr>
<td><strong>Institutionalist arguments</strong></td>
<td>1) Impersonal relationships develop first between elites (doorstep conditions are met).</td>
<td>Members of the popular classes join existing impersonal organizations or create their own impersonal organizations only after organizational rights and universal suffrage are made available.</td>
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<tr>
<td></td>
<td>2) Electoral competition between elite organizations pushes them to expand organizational rights to the rest of the population (rights to join political organizations and to create new ones).</td>
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<tr>
<td><strong>Organizational Theory of Political Development</strong></td>
<td>1) Impersonal relationships develop in parallel amongst elites (doorstep conditions) and amongst the popular classes (organizational structure of civil society).</td>
<td>Members of the popular classes must have already formed impersonal organizations by the time they are incorporated into the political system (universal suffrage + organizational rights).</td>
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<td>2) Autonomous popular organizations demand the expansion of organizational rights.</td>
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<td></td>
<td>3) If impersonal organizations already exist, electoral competition under universal suffrage generates increasing returns for members of impersonal organizations and decreasing returns for members of personalistic organizations.</td>
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In the early days of the republic, many notables still controlled clienteles at the local level, especially in the rural areas (Hanley 2002:40). Electoral institutions with universal suffrage had empowered them in the past, since their ability to mobilize votes in their communities was a valuable political asset. In the absence of dominant impersonal organizations, the popular classes were faced with two options: they either followed local notables, hoping to be rewarded by the political success of their patron, or otherwise voted for national parties that did not represent their interests. Therefore, as it was the case during the Second Republic and the Empire, elections were a way for notables to mobilize their clienteles in exchange for benefits: pork-barrel, honours, business opportunities and official appointments (Charle 1994:73).

However, over the previous decades, impersonal organizations had become an increasingly viable alternative for the popular classes to voice their demands to state authorities. Under the Third Republic, electoral politics gave them an advantage over the clienteles of local notables, since their lack of membership restrictions and their strategies to coordinate collective action among strangers gave them the ability to mobilize an indefinite number of people. Responding to the demands of these organizations thus became a more effective way to attract large numbers of votes than cajoling dozens of small-town notables and their clienteles. In the long run, as political parties preferred to rely on impersonal organizations to mobilize supporters, the personalistic connections of local notables became less valuable for electoral politics. By 1914, most factions were already organized around mass-mobilizing political parties. These parties now mobilized their supporters not to capture rents from the state but to demand different—sometimes even mutually exclusive—public goods. Furthermore, these parties were the tip of the iceberg of societal organizations that monitored state activities and sanctioned the
undue influence of private interests on political decision-making. In other words, the social contract had consolidated (see Table 5.3).

With the exception of the democratic elections of 1848, the Third Republic established for the first time strong representative institutions, with real decision-making powers and elected through universal male suffrage. By then, the popular classes had also created political organizations that were not under the control of any elite faction. These organizations were now integrated into the political system through democratic elections. For the first time since 1789, the masses could influence political decision-making not through the mediation of notables but directly through their own candidates in representative institutions. Moreover, the internal structure of these organizations and their independence from political elites meant that the relationship between them and their representatives would not be based on patronage, but rather on common programmatic goals.

This completely changed the logic of the political system. Elites now needed to garner the support of the popular classes to win elections, and they could no longer do this through clientelistic practices. They were competing instead against a new kind of opponent, which was no longer invested on capturing the state for its own private benefit but on imposing a specific view of the general interest. Politics was no longer about carving out privileges and extracting rents, but rather about defining which public goods the state would provide. Consequently, elites across the political spectrum were also pushed to change their organizational strategies in order to reach a population that they could no longer reach through traditional personalistic relationships (Huard in Bermeo and Nord 2000:147).

During the 1870s, elite political factions were predominantly “parliamentary parties”, that is, groups with clear ideological and cultural identities, policy goals, high internal discipline, and
coordinated action in parliament, but little presence in civil society through activists and satellite organizations (Hanley 2002:25, 49-53; (Hanson 2010:90). Therefore, the period between 1870 and 1901 would be one of party-building efforts, which culminated with the creation of mass-based parties after the law of 1901 finally legalized political organizations (Huard in Bermeo and Nord 2000:149-150).

Republican and socialist groups had an advantage over the other political factions because they had been, from the beginning, crucial actors in the transformation of civil society. This fact gave the party system of the Third Republic two of its most distinctive features: (1) the difficulties by the monarchical right to adapt to the new context of electoral politics, and (2) the repeated fragmentation of republicans and the frequent appearance of new forces to the left of the political spectrum. These two dynamics are indicative of the weakening of personalistic relationships that conservative interests had used in the past to mobilize supporters, as well as the extent to which the popular classes had developed impersonal organizations to gain access into politics.

First, conservative interests—whether legitimists, Orleanists, or Bonapartists—struggled to organize effectively under the new context of electoral politics (Kreuzer 2001:45-49). Bonapartists and legitimists failed to do so and by the turn of the century they represented very marginal forces, while liberal Orleanists split between moderate republicans and the right-wing parties that emerged after 1901 around Catholicism.

The war with Prussia and the capture of Napoleon III severely weakened Bonapartism, which struggled to reinvent itself as a parliamentary party under the Appel au Peuple, and finally disintegrated after 1879 with the death of Napoleon’s son and the impossibility to articulate the contradictions of Bonapartism without a Bonaparte (Hanley 2002:53). Bourbon legitimists
initially rallied around the Comte de Chambord, but his intransigence to the republic turned them into an increasingly irrelevant force, ultimately becoming a parliamentary faction that grouped old aristocrats and reactionary landowners (Hanley 2002:53).

By the 1890s, some conservative interests began grouping around Catholicism, first developing Catholic leagues and, later on, creating the Action Libérale Populaire (ALP). The ALP was a centre-right political party that replicated the organizational structure of its republican rivals, with a central committee and a network of local organizations and individual adherents (Huard 1996:258-259). The monarchist right tried to adapt to the new political system through the Ligue de Action Française, but its elitist orientation prevented it from having a presence beyond a small number of aristocratic and bourgeois elites (Huard 1996:262-263). By the 1880s, the right was no longer the turf of reactionary monarchists opposed to the regime, but had become dominated by conservative republicans (Agulhon 1993:48).

Second, the history of the relationship between republicanism and popular organizations, especially amongst workers, revealed during these years that there was no univocal republican program. As a consequence, the republican “party” repeatedly fragmented, spawning new political organizations that took up more extreme-left positions. Sinistrisme, the tendency whereby the political centre shifted leftwards, characterized French politics until 1914 (Hanley 2002:59-115).

In 1872 and 1873, republicans had already created a central committee that worked with societal organizations, such as the Ligue de l'Enseignement and the Société d'Instruction Républicaine, to recruit supporters (Hanson 2010:102). Over the following years, republicans continued their efforts to build a cohesive national organization through numerous cercles, sociétés, associations, comités, and electoral leagues in the provinces (Huard 1996:160-175).
However, the republican cause suffered several internal fragmentations during the 1870s and 1880s, as “radicals” and “opportunists” took different paths.

After 1901, republicans organized around three political parties: the Parti Radical (PR), the Alliance Républicaine Démocratique (ARD), and the Fédération Républicaine (FR). The ARD and the FR represented the more moderate republican factions, in the centre-left and centre-right, respectively. Both of them were structured as national organizations, radiating outwards from their leaders in parliament and other high-profile figures in the republican movement (intellectuals, civil society representatives, and businessmen) to the rest of the territory through local committees (Huard 1996:230-235). The PR, on the other hand, which appealed to the more radical factions of republicanism (the full name was Parti radical et radical-socialiste), was created after several failed attempts in 1901. It emerged as a federation of multiple associations—clubs, societies, civic groups, electoral committees, and masonic lodges—that expressed their adherence to the party, and a central committee that coordinated electoral campaigns but left significant autonomy to its base (Huard 1996:240-242; Kreuzer 2001:34).

The experience of repression, led by republican elites, against the Paris Commune in 1871 pushed further apart the moderate bourgeois republican leadership and the working class militants, who were increasingly radicalized by their exposure to the international labour movement. Before 1900, the political arm of the labour movement was split in several factions, where the disagreement was mostly about whether to participate in elections recognizing the bourgeois state or pursuing a revolutionary program for the expropriation and socialization of the means of production (Huard 1996:269). By 1901, these alternative views congealed around two political organizations: the Parti Socialiste Français, which gathered the reformist, electorally-
oriented militants, and the Parti Socialiste de France, bringing together the revolutionary factions. The efforts to create a unified force finally succeeded in 1905 with the creation of the Section Française de l’Internationale Ouvrière (SFIO). The SFIO was structured through a highly decentralized and democratic governance structure that coordinated the activities of its local and regional branches (Kreuzer 2001:28). Moreover, the SFIO became the main political arm of the labour movement, closely cooperating with the syndicalist side led by the CGT but without absorbing it into its organic structure. In 1920, the socialists splintered again, as the more revolutionary militants with a Bolshevik ideology created the Parti Communiste Français (PCF).

In sum, the mass-mobilizing parties that emerged after 1901 were political organizations built around voluntary and impersonal relationships, with no membership restrictions but rather seeking as many adherents as possible, and operating through internal democratic processes of leadership selection. Furthermore, the party system rested on top of a dense network of impersonal organizations that gradually weakened the clientelistic power of local notables and personalistic leaders. Under these conditions, electoral competition was not reduced to a struggle between rival factions to capture state resources, but rather served a dual purpose: on the one hand, elections became a mechanism to adjudicate—in a temporary and flexible way—between competing views of the general interest; on the other hand, elections represented an institutional lever for societal actors to penalize those who attempted to capture the state for private gains.

After more than a century of political instability, this organizational structure made it possible to consolidate political order through the construction of a social contract. Impersonal organizations could achieve this because they transformed state-society relations, limiting the ability of private actors to capture the political system. Instead, the monitoring role played by these organizations carved out spaces of state autonomy that facilitated the protection of the
general interest and the production of public goods. We can observe these consequences of the new organizational landscape in three different areas: the professionalization of the administration; the political consequences of corruption scandals; and the slow but steady production of public goods (what post-war critics of the Third Republic described as “immobilisme” or a “stalemate society”) (Hoffmann 1963).

As described in the previous sections, the French public administration was used under the monarchies and the Second Empire as a source of patronage and to ensure that the bureaucracy remained loyal to the rulers (Silberman 1993:130-131). In most parts of the administration, recruitment and career advancement depended on political loyalties, not on merit. The construction of a professional, meritocratic bureaucracy was only the result of piecemeal efforts pushed forward by associations of public servants. Throughout the Third Republic, the pressures coming from those groups reformed the French administration in a piecemeal fashion, gradually moving away from the spoils system that characterized previous regimes and constructing instead a merit-based Weberian bureaucracy (Silberman 1993:156). Starting in 1870, a series of laws and decrees began to impose recruitment competitions in certain ministries (e.g., 1881 in Public Instruction, 1885 in Public Works, 1886 in Navy and Colonies, 1886 in Cour de Comptes, 1886 in Interior, 1887 in Agriculture, 1890 in Finance, and 1907 in the Foreign Service and the Ministry of Labour) (Rosanvallon 1990:71; Silberman 1993:150). This process created a de facto statute whereby the central administration, especially under the leadership of the Conseil d’État, removed the clientelistic cooptation of governmental agencies and “closed off the upper-level civil service as a base for party leadership patronage” (Silberman 1993:149-150). By the 1920s, there was a clear understanding of the public administration as an
autonomous part of the state, insulated from the private interests of political actors, and concerned with the supply of public goods and the general interest (Rosanvallon 1990:87).

A second arena where the transformation of French civil society influenced the political system was in the denunciation and sanctioning of political corruption. This was an old component of French political life. In the late 1820s, Aide-toi opposed electoral fraud from the Restored Monarchy. In the 1840s, the reform banquets of the dynastic opposition criticized the institutional corruption of the July Monarchy. However, under the Third Republic, the monitoring role of societal organizations was no longer restricted to exceptional crises, but was part-and-parcel of the workings of the republican political system. The regime survived corruption scandals because the state was no longer reducible to the personalistic figures in power. The autonomy of the state was the result of the ways in which impersonal organizations had been empowered to monitor state officials and effectively demand their removal and sanctioning if found at fault.

For critics of the Third Republic, it was a regime characterized by corruption scandals: the Wilson Affaire of 1887, the Panama Scandal in 1892, the Dreyfus Affaire from 1894 to 1906, and the Affaire Stavisky of 1933 (see Agulhon 1993; Jankowski 2007). The fact that these were indeed scandals, which shook public opinion and that marked turning points in the regime, is indicative of the extent to which the social contract had consolidated. These events acquired significance once they became public and popular mobilization demanded sanctions on the perpetrators. It was societal actors, not just opposition parties but civil society more broadly, who made the abuse of political authority for private gains scandalous and impunity unacceptable. Each one of these scandals made Presidents and parliamentarians resign and brought entire governments down; produced changes in legislation to sanction influence peddling, swindle and
conflicts of interest; and strengthened the ability of organized civil society and public opinion to hold authorities accountable.

Finally, the impression of the Third Republic as a “stalemate society” can actually be interpreted as a symptom of a well-established social contract. The regime often gave the impression that very little was achieved as the result of government initiative. This was blamed on the executive power being too weak and dominated by a parliament that tended to absorb social conflicts and avoided radical reforms. When compared to the rapid transformations that other countries underwent during this period, and especially during the interwar years, France seemed to be a laggard: the United States and the New Deal, Russia and the Bolshevik Revolution, Sweden and social-democracy, and, of course, fascism in Germany and Italy.

But is this image of *immobilisme* really warranted? During this period, the state was able to eradicate reactionary monarchical forces; to institutionalize a national system of free, secular and mandatory public education; to finally resolve the tensions with the Catholic Church through the 1905 law on the separation of Church and state; to expand state presence throughout the territory and build major infrastructural works; to professionalize the public administration; to impose an income tax and begin the steady increase in taxation that went from around 10% of GDP in 1914 to over 35% after 1940; to establish the foundations of the welfare state; to build an overseas empire that rivalled other European powers; and to sustain a civilian government throughout WWI and to come out triumphant on the other side.

It seems then that the image of a stalemate society comes from the politicization of society, the constant cabinet reshuffles, and the weakness of the national executive. However, strong governments are not the same as strong states. The strong government of the Second Empire launched an ambitious agenda of modernization from the top, full of bombast and
grandiose ambitions, only to slow down its efforts after 1860 when public debt triggered the resistance of many of the actors whose collaboration was essential for the government’s program. Louis Napoleon’s government was expeditious and authoritative, because it coordinated collective action through a hierarchical system of command and cooptation through selective incentives. However, once he encountered the resistance of societal actors that he could not repress or coopt—for example, the opposition of high finance against increasing public deficits—the coordination strategy began to fail. Louis Napoleon realized this, and tried to change course through the reforms of the 1860s.94

On the contrary, in a political system structured as a social contract, such as the Third Republic, political decisions can only be made if they already garner enough support. This means that for any political program to succeed, it needs to convince those who will pay its costs and those who will benefit from it that its implementation is indeed in the general interest, and that it commands priority over alternative views of what the general interest concretely looks like. Of course, under these stringent requirements, most initiatives are dropped and decision-making processes become extremely slow. However, once a decision has been made, its implementation tends to be steady and consistent. The impersonal logic of a social contract makes society move through protracted steps that often transcend individual leaderships, but that are carried forward

94 On November 12, 1860, the Emperor replied to the concerns about public finances with a significant constitutional reform. He wrote in the official newspaper: “For some time…my preoccupation has been to contain the budget within strict limits… The only means of achieving this is to abandon my right to authorise new credits when the chambers are not sitting… In renouncing this right, which has always belonged, even to the constitutional monarchs who preceded me, I intend to provide for the better administration of our finances. Faithful to my origins, I am not willing to regard the prerogatives of the crown as a sacred trust, or as an inheritance, which I am bound to transmit intact to my son. Elected by the people, representing its interests, I will always abandon, without regret, any prerogative damaging to the public interest” (quoted in Price 2001:50).
through the repeated—and often confrontational—interactions between state authorities and an ecosystem of impersonal societal organizations. In the next chapter I discuss in more detail how the expansion of fiscal and welfare policy during the interwar years was the result of this type of state-society relations.

The Third Republic met its end in 1940 after the sudden defeat by the German army in little more than a month. The military failure and the willingness of most parliamentarians to hand over the government to Pétain are a sign that the decline of the Third Republic was also coming from the inside. Social contracts are not perfect, and the paralysis generated by intractable disagreements over the general interest can generate enough dissatisfaction to make political order collapse. This was probably the case before 1940, when the moral bankruptcy of the regime had run its course.

By 1940, however, the Third Republic had already lasted seven decades, becoming the longest constitutional regime in France since 1789. More importantly, it had established the foundations—organizational, institutional, and normative—for a political system that could only stabilize itself through a social contract. Despite the efforts of the Vichy regime to reorganize civil society under a state-corporatist logic that repressed autonomous societal actors and created subordinate organizations, it could not reverse the long history of popular mobilization. After WWI, the organizational landscape of French civil society continued to be defined by impersonal organizations and thus the reconstruction of political order reproduced the same coordination logic of the political system established during the Third Republic.
5.3 Mexico: Lack of Resources and Political Instability

5.3.1 Personalistic Organizations and State Capture: Caciques and Caudillos (1821-1946)

Rather than disrupting personalistic relationships at the local level, the Mexican War of Independence strengthened those relationships by turning regional elites into strongmen with armed militias under their command. As a result, political organizations remained parochial, focused on the demand of privileges and rents, and subordinated through clientelistic ties to national elites competing for state power (see table 5.1). The dominance of these local, regional and communal elites as intermediaries between the state and the population entailed that, for most of the 19th century, the popular classes would remain generally indifferent to national politics and state-building projects, only concerned with local conflicts and community life.

In the aftermath of the war, legal repression of civil society organizations was not as stringent as it was in France after the revolution. On the contrary, during the first years of the new country, political organizations were created and an incipient but pluralistic environment survived for almost a decade. Especially during the First Federal Republic (1824-1835), associational life temporarily expanded in the country. According to Carlos Forment, who has carried out the most extensive study to date of civil society organizations in 19th century Mexico, approximately 123 political clubs were created between 1826 and 1856, 80% of which were created in the run-up to the 1828 presidential elections. This electoral process inspired huge expectations on the population, as it was the first democratic election in the country and enfranchised almost 70% of Mexicans (Forment 2003:154-157).

These political clubs, fashioned around the Scottish and York Rites of freemasonry, gave shape to the cleavages that dominated national politics during the first years of the new country.
(Green 1987:87-94; Anna 1998:207; Forment 2003:157). On the one hand, the Scots were conservative, in favour of centralizing power in the national executive at the expense of the legislature and sub-national governments, as well as restricting suffrage and opening the economy to international trade (Forment 2003:157). The Scots gathered members of the creole elites, many of which had taken part in the insurgent conspiracies of 1808-1810, as well high-ranking officers of the royal army that joined Iturbide’s defection and the occasional popular leader, most famously Nicolás Bravo (Green 1987:32-34). They saw themselves as an exclusive gentleman’s club and imposed restrictive entry conditions to new members (Green 1987:90).

On the other hand, Yorks defended federalism, seeking to strengthen the legislative branch over the executive, give autonomy to townships, state governments and citizen militias, expand suffrage and impose protectionist trade policies (Forment 2003:157). In many ways, they reproduced the demands and language of French Jacobins: pushing for representative government, the rule of law, freedom of the press, civil supremacy over the Church, and diminishment of privileges (Green 1987:141). The leaders were often the regional strongmen that had commanded the popular insurgent armies during the War of Independence, most importantly Vicente Guerrero. Moreover, they appealed to a much broader membership, recruiting the popular classes—especially urban workers and artisans—with the goal of gaining power through numbers (Green 1987:90). In a way, the masonic origins of the Yorks ultimately represented little more than an organizational template that they borrowed to quickly articulate a popular political movement (Green 1987:93). They became, during the very brief window of organizational freedom that opened between 1824 and 1830, the closest chance for a mass-mobilizing network of impersonal organizations to emerge in 19th century Mexico. However, the rise and fall of their leader, Vicente Guerrero, after a series of rebellions and coups, and the
consolidation of centralists in power during the 1830s, marked the end of voting clubs as an organizational strategy to attract the support of the popular classes.

Even at their peak in the late 1820s, voting clubs were not the dominant form of popular mobilization (Forment 2003:18-19). In a country where barely a dozen cities surpassed 5000 residents, the vast majority of Mexicans continued to be country-dwellers, carrying on very similar lifestyles as the rural populations of the previous century. As such, the predominant organizational forms of the popular classes were the regional clienteles of the past. Once organizational repression was imposed during the authoritarian decades of the 1830s to the 1850s, it was only through those clienteles that the popular classes could participate in national politics.

The control of local notables over the rural populations had various origins. In some cases, they were the *principales* of indigenous villages, enjoying a similar degree of autonomy as they did during the colonial period. In other cases, they gained power as combatants in the many armed conflicts that plagued the country, emerging as warlords in charge of small militias. Alternatively, they were powerful landlords benefiting from the subordination of the peasants in their domains through the coercive extraction of labour. Often, the most famous of these *caciques* were heroes of the War of Independence that led men in the insurgent or royalist armies.

In some cases, these regional leaders had national ambitions and tried to capture the state for their own aggrandizement. In other cases, the chieftains focused their energies to preserve their power over their territories by cultivating the patronage of national political actors, in exchange for mobilizing their networks to support them in conflicts with competitors. The major *caudillos*—strongmen with national ambitions—of the period, such as Vicente Guerrero, Nicolás
Bravo, Antonio López de Santa Anna, and even Porfirio Díaz, relied on volatile alliances with these local chieftains in order to mobilize the peasant population in their struggles against adversaries.

The clienteles of local chieftains were densely woven informal organizations, where the members and the leaders were related by blood, kinship or place of birth. This created closed organizations, since their survival depended on thick relationships of trust and loyalty, as well as a constant provision of private goods, in the form of land, foodstuffs, weapons, or booty. In Chapter 4, I discussed the cases of Juan Álvarez in Guerrero and Gordiano Guzmán in Jalisco. Álvarez and Guzmán emerged from the War of Independence in control of their regions. Even though neither of them had the ambitions or power to dominate national politics, they represented regional strongholds of the federalist forces before the 1830s, and resisted centralist attempts to expand the authority of the national government into their provinces at least until 1850 (Hamnett 1986:194-197).

With the end of the First Federal Republic and the increase in organizational repression of the new centralist dictatorships, voting clubs disappeared and the popular classes went back to rely exclusively on their personalistic relationships with the local notables to gain access to state resources. As Timothy Anna puts it:

When the first federal republic faltered, the regions fell back on caudillism as the most likely guarantee of their survival and as a necessary, if not sufficient (valid, if not optimal), expression of their will to exist. In a country whose history is in its regions, the regionally based military strongman was, as it happened, the only force that could fill the void left by the failure of the civil political institutions (Anna 1998:178).
Consequently, local chieftains reaffirmed their position as the main political actors of the 19th century, serving as intermediaries between the national government and the rural populations (Buvé 1992:21; Forment 2003:163).

The years between 1830 and 1861 were marked by the prevalence of conflict between caudillos, as well as war with foreign powers: the “Pastry War” with France, the war with the United States and the Second French Intervention. In such a context of permanent conflict, elites needed the support of peasants as soldiers to fight on their side. They used local grievances to mobilize country-dwellers against adversaries and, in the process, strengthened the patron-client ties that brought them together (Buvé 1992:14). Failure to mobilize the peasantry to support one’s cause was lethal to a chieftain’s political ambitions.

The foreign invasions, especially the war with the French from 1861 to 1867, as well as the Reforma civil war, further strengthened the position of rural chieftains. Many of them, who commanded forces during the conflicts, acquired armed personal followings during this period: Mariano Escobedo in San Luis Potosí, Ramón Corona in Jalisco and Durango, Porfirio Díaz in parts of Veracruz, Puebla, and Oaxaca, and Diego Álvarez in Guerrero. Regional caciques held control over local populations and used that power to negotiate alliances with national politicians. Amongst these local chieftains we can count Gerónimo Treviño and Francisco Naranjo in Nuevo León, Servando Canales and Juan N. Cortina in Tamaulipas, Fidencio Hernández and Francisco Meixueiro in Oaxaca, Florencio Antillón in Guanajuato, Ignacio Pesqueira in Sonora, Luis Terrazas in Chihuahua, and Manuel Lozada in Nayarit (Perry 1978:5-6, fn3). In Northern Puebla, Juan N. Méndez, Juan C. Bonilla and Juan Francisco Lucas, former leaders of National Guard units during the French intervention, maintained control over the local
indigenous communities through networks of family and kinship bonds. They not only used this power to push forward Liberal policies against large landowners, securing in the process considerable land for themselves, but also became the key mediators in the interaction between the state and the indigenous populations (Buvé 1992:19).

The Restored Republic after the expulsion of the French and the triumph of the Liberals tried to enforce the principles of the 1857 constitution. The constitution was a typical product of 19th century liberalism, recognizing popular sovereignty, federalism, the separation of powers through a strong legislature, an independent judiciary and a weak executive, extensive civil rights, and popular participation through universal manhood suffrage. Moreover, the constitution was committed to the protection of private property and attacked corporate land ownership, which included both ecclesiastical properties and indigenous communal lands (Perry 1978:3-4).

The constitution also granted significant organizational freedoms and, consequently, civil society organizations proliferated between 1867 and 1876. Relatively impersonal organizations flourished, usually detached from political activities. Mutual-aid societies developed but, contrary to the French case, they were not used to conduct strikes and coordinate political action, but mostly served as providers of welfare insurance and charitable services (Forment 2003:151-154).

Voting clubs and debating societies reappeared, especially since electoral politics were once again the established way to access public offices. Debating societies pushed for a transformation of the organizational landscape, encouraging members to evaluate candidates on their political programs rather than their personal connections, in an attempt to undermine clientelism (Forment 2003:168). These societies were characterized by the features of impersonal organizations: open membership, impersonal relationships, and coordination of collective action.
through communication. Forment offers a few examples of such societies: the Club de Angangueo in Michoacán, the Sociedad Democrática of Cuautliltán in the State of Mexico, the Club de Morelos, and the Club of Jalapa in Veracruz, as well as the influential Club de Reforma in Mexico City (Forment 2003:169).

Similarly, after two decades of authoritarian governments, voting clubs also re-emerged. Between 1856 and 1881, 309 new voting clubs were organized (Forment 2003:330). They were mostly temporary organizations created for the purpose of a specific election and often disbanded in the aftermath. Especially towards the end of this period, as Porfirio Díaz was concentrating power, they also served as a way to monopolize elections. Along with them, patriotic clubs had been created during the Franco-Mexican war in parts of the country controlled by the resistance, arranging the local defence forces and offering protection to their communities (Forment 2003:255-256). These “juntas patrióticas” remained active after the war and served as the formal organizations of informal local oligarchies.

One would be hard-pressed to see these voting and patriotic clubs as impersonal organizations. Elections during this period were not free or fair. Franchise was de facto limited since oligarchical politics continued to dominate at the local level. As it occurred in the 1820s, local elites—landlords, priests, merchants and caciques—adapted the logic of political patronage to electoral procedures (Buvé 1992:11). Rivalries among caudillos superseded democratic republicanism, often violently.

To one degree or another every caudillo had the power to limit or compromise the efforts of the federal government in his area. The local population frequently saw him as the man who protected the region from outside influence, including the influence of the central
government. He frequently had the power to name and replace local political chiefs (*jefes políticos*), who characteristically ruled county (*municipio*) or village (*pueblo*) with an iron hand. The *caudillo* and his political chiefs monopolized the ability to recruit armed followers in the area of their influence. Moreover, the *caudillo* sometimes exercised economic influence through personal holdings, legal favors, and oligarchic alliances with wealthy families. He generally combined charismatic leadership, personal or family prestige, and brute strength with his military, political, and economic position (Perry 1978:6).

When the Restored Republic collapsed under the pressures of ambitious generals that openly rebelled against the re-election of President Sebastián Lerdo de Tejada in 1876, this organizational revival also withered away. The Revolution of Tuxtepec that year brought Porfirio Díaz to power after defeating the national government and the generals that rallied behind José María Iglesias. This would be the beginning of a 34-year dictatorship with a brief interlude between 1880 and 1884 when Díaz placed Manuel González in power in order to respect the principle of non-re-election under which he had revolted against Lerdo.

Díaz’s regime repressed political organizations, especially those that tried to organize the popular classes outside of his network of supporters. Simultaneously, in an effort to centralize power in the national government, the dictator tried to bring under his leadership a wide array of antagonistic interests, so that in the end there were no longer Liberals and Conservatives but only Porfiristas.

Despite these centralizing attempts, Díaz was very careful not to disrupt political relationships at the local level. As long as they remained loyal to his regime, Díaz allowed local
and regional notables to maintain their control over their localities. Characters like Luis Terrazas in Chihuahua, Evaristo Madero in Coahuila, José María Garza Galán, Jerónimo Treviño and Francisco Naranjo in Nuevo León, Canuto Neri in Guerrero, Evaristo Alvarado and Margarito Mata in Hidalgo, Juan Vicente Villada in the State of Mexico, and Próspero Cahuantzi in Tlaxcala, were able to expand their wealth and political standing under this system (Buvé 2003:33-34). Terrazas would famously own the largest estates in the country by the turn of the century. Others not only received carte blanche to govern the populations under their territories, but also enjoyed honorific positions in Congress, diplomacy, or the Supreme Court (Guerra 1988:237-239).

The Porfiriato ended in 1910 with the Mexican Revolution, a violent conflict that cost the lives of over a million people, took political power away from the landed elites and instead brought to the forefront the rural middle class—that is, the local caciques—that over the course of the 19th century secured the control of the rural populations through patron-client relationships. As was the case with the War of Independence a century before, the Mexican Revolution was a very localized phenomenon, led by strongmen trying to protect their power and the interests of their clienteles.95 Only exceptionally did these groups coordinate their actions and create a joint front under the leadership of the main caudillos of the four umbrella armies: Venustiano Carranza and the Constitutionalist Army, Álvaro Obregón and the Army of the Northwest, Francisco Villa and the Northern Division, and Emiliano Zapata and the Liberating Army of the South.

Historians of the Mexican Revolution have identified with a great degree of detail many of the chieftains that led men during the conflict. Zapata’s leadership among indigenous and non-indigenous peasants in the South, and Villa’s army of ranchers, journeymen, sharecroppers, miners and workers in Chihuahua, are well known. To their names, we can add Jesús Carranza, Pablo González, Francisco Coss and Cesáreo Castro, ranchers and mining leaders in Coahuila. Álvaro Obregón, Salvador Alvarado, Plutarco Elías Calles, Manuel M. Diéguez and Adolfo de la Huerta mobilized the support of the popular classes in Sonora. Tomás Urbina, Orestes Pereyra, Calixto Contreras and the Arrieta brothers took up arms in Durango, and Fortunato Maycotte and Pánfilo Natera in Zacatecas. In San Luis Potosí the Cedillos, a family of local ranchers, mobilized their men (Garcíadiego 2010:li-liii). In Sinaloa, Ramón Iturbe led the fight; in Nayarit, Rafael Buelna; in Jalisco, Félix Bañuelos and Julián Medina; in Michoacán, José Rentería Luviano, Gertrudis G. Sánchez and Joaquín Amaro; and in Veracruz, Cándido Aguilar, Antonio Galindo, Hilario Salas and Miguel Alemán (Garcíadiego 2010:lix).

With the end of the conflict, the priority of the post-revolutionary leadership was to turn these networks of armed militias, agrarian leagues, and local clienteles, into formal organizations integrated in the new political system through institutional channels. The initial period from 1917 to 1929 would be characterized by the spread of such organizations: regional and national parties, labour unions, and peasant federations. At the national level, several political parties emerged, but in most cases they were little more than cadre organizations used by revolutionary leaders to win manipulated elections. The most important of these organizations was the Partido Liberal Constitucionalista (PLC) that initially backed Carranza’s government. The PLC was dominated by Obregón and controlled electoral politics until 1928. The Partido Nacional
Agrarista (PNA) also emerged in 1920 as a strong political force, first linked to Zapata and then to Obregón, and focused its platform on agrarian reform.

Two political parties emerged during this period with many of the characteristics of impersonal organizations, both of them related to the international labour movement: the Partido Comunista Mexicano (PCM) and, especially, the Partido Laborista Mexicano (PLM). The PLM was the political arm of the Confederación Regional Obrera Mexicana (CROM), an important working class organization linked to the American Federation of Labour (AFL) (Garrido 1982:39).

Along with them, a flurry of regional parties and organizations appeared, but in most cases they were little more than a label for the clientele of the local strongman, for example: the Partido Fronterizo Socialista of Emilio Portes Gil, the agrarian leagues of Veracruz controlled by Adalberto Tejeda, the armed agrarists of Saturnino Cedillo in San Luis Potosí, the Partido Socialista del Sureste, initially created by Salvador Alvarado and Felipe Carrillo Puerto and then controlled by Bartolomé García Correa, the forces of Tomás Garrido Canabal in Chiapas, and the groups led by Rafael Apango, Ignacio Mendoza and Rubén Carrizosa in Tlaxcala, among many others (Fuentes Díaz 1969:237; Garrido 1982:63; Buvé 2003:36-37).

Politics remained unstable and often violent, but there was still hope that the result of the revolution would be a working pluralist democracy. However, the rebellions of regional strongmen with revolutionary credentials (Adolfo de la Huerta, José Gonzalo Escobar, Saturnino Cedillo), the fragmentation of political organizations, and the high-level betrayals and assassinations (Carranza, Zapata, Villa, and Obregón had all been killed by 1928), made those efforts extremely unstable. Despite the attempts to restructure politics around an impersonal organizational landscape, personalistic loyalties and interests were much more prevalent.
In an effort to consolidate political order, in 1928, the post-revolutionary regime began the process of centralizing power. A new party, the Partido Nacional Revolucionario (PNR), was created to absorb all the local and national organizations associated with the revolutionary cause. The party was built on a double structure. On the one hand, it created a National Executive Committee and a National Directive Committee that were constituted directly from the municipal and state committees of the party. On the other hand, it also created an indirect structure whereby the members of all the municipal, state, and national parties that accepted the statutes of the PNR automatically became also members of the party (Garrido 1982:80).

In order to consolidate power, the leaders of the PNR actively worked to break the parochial allegiances between the leaders of the local organizations and their followers. To achieve this, they followed a complex strategy that involved constitutional reforms, political reshuffles and the entire reorganization of civil society. First, between 1928 and 1933, several constitutional reforms were passed that centralized authority in the President. In particular, the prohibition of consecutive re-election of municipal authorities, senators and deputies, meant that local notables would not be able to build political fiefs in their regions without the acquiescence of the party, which was directed by the President (Valdés Ugalde 2010:56). Second, in exchange, the leadership of the PNR integrated the local strongmen into the new party ranks at the national level, first by supporting their electoral ambitions as mayors and governors, and later by assigning them high-level positions in the national committees or in the federal government. Third, as these local leaders were pulled away from their basis of support and sent abroad for diplomatic missions in the late-1930s and 1940s, the party reorganized its bases of support.

In 1938, the PNR mutated into the Partido de la Revolución Mexicana (PRM), along a corporatist structure that created non-competitive, state-sanctioned, and compulsory national
organizations for workers, peasants, bureaucrats, and middle class professionals. The creation of a corporatist party-state succeeded because the main organizations capable of mobilizing the popular classes outside of the PNR-PRM had been severely weakened by Obregón’s death in 1928: the PNA, because it lost its political patron, and the CROM-PLM because it was accused of being involved in the murder. The other popular organizations were either already absorbed by the PNR or did not have the capacity to resist it: Liga Nacional Campesina Úrsulo Galván, Federación Mexicana Unitaria Sindicalista, Confederación General del Trabajo, Liga Nacional Campesina, Liga Central de Comunidades Agrarias, and the Confederación General de Obreros y Campesinos de México, along with local leagues and syndicates (González Navarro 1985:81).

The PRM absorbed all of these groups and reorganized them through the three main pillars of the new party: the peasant sector, controlled by the Confederación Nacional Campesina (CNC), the worker sector, controlled by the Confederación de Trabajadores de México (CTM), and the popular sector (representing urban middle classes and professionals), controlled by the Confederación Nacional de Organizaciones Populares (CNOP). In 1946, the PRM mutated once more into the Partido Revolucionario Institucional (PRI), concentrating the authority to appoint the leadership of these three organizations at the top of the party structure.96

Since they became mass-mobilizing associations containing millions of adherents through their affiliated associations and local chapters, these societal organizations had to adopt a certain degree of impersonality and, at least in principle, not impose requirements on new members. However, because the party appointed the leadership and controlled their cadres at every level, they did not develop the internal mechanisms of accountability that characterize

impersonal organizations (González Navarro 1985:131). Coordination of collective action continued to be based on selective incentives rather than communicative practices. As a result, these popular organizations became subordinates of the state, making very similar demands to the ones voiced by personalistic clienteles in the past: rents, special privileges, and exceptions in the application of state policy.

In Mexico there was never an autonomous popular movement because the peasants, workers and lower middle-classes remained connected to the state through personalistic relationships. With every eruption of discontent, popular mobilization followed elite cleavages. Even the Mexican Revolution of 1910-1917 reproduced these patterns of popular mobilization, where the revolutionary armies continued to be little more than loose coalitions of local clienteles.

Under these conditions, the period of electoral competition that opened from 1917 to 1928 became an overt struggle between rival clienteles to capture state resources, often through violent and extra-institutional means. In order to maintain political order, the creation of the PNR and its mutation into the PRI corporatist party-state represented a pact amongst elites to limit competition and instead regulate the distribution of rents to regime insiders. This had two-fold consequences. On the one hand, the Mexican party-state finally destroyed the parochial relationships whereby the popular classes had been historically integrated into national politics, creating a strong central government. On the other hand, the new regime replaced those organizational forms with a corporatist apparatus that subordinated societal actors to state authorities. Acquiring this subordinate position, societal organizations once again became structures for the distribution of patronage.
5.3.2 The Impossibility of Political Order in a State without Resources (1821-1876)

The previous section argued that the organizational structure of Mexican civil society was not fundamentally reconfigured over the course of the 19th and 20th centuries. In this section and the next, I show how the prevalence of personalistic relationships shaped the cycles of collapse, reconstruction and consolidation of political order during this period. Between 1821 and 1876, only two out of 75 presidents finished their terms in office (Haber et al. 2008:21). If Mexico was not experiencing the conflicts between impersonal and personalistic organizations that shaped political instability in France, why was political order so elusive until 1876?

The answer to this question is in the economic devastation left behind by the collapse of the Spanish Crown. The legacies of past debts, added to the ruinous spending caused by the frequent regional revolts, kept the treasury empty (Tenenbaum 1986:56). Since personalistic organizations dominated popular mobilization, the possibility of a social contract was foreclosed. Therefore, political order could only emerge once the state had access to enough resources to effectively run a spoils system, as it was the case under the Porfiriato. Table 5.4 schematically presents the logic of political order in Mexico. As we can see, the collapse and reconstruction of political order followed a recurring cycle during the 19th and early 20th centuries.

First, spoils systems broke down when resources were insufficient to maintain a large enough coalition of supporters. In some cases, a new spoils system was quickly rebuilt only to collapse shortly after (as it was repeatedly the case between 1830 and 1858). In other cases, the breakdown of the spoils system temporarily opened organizational opportunities and new societal actors tried to re-establish order through a social contract, often importing organizational and institutional models from abroad. We see this type of organizational openings during the
First Federal Republic (1824-1829), the Restored Republic (1858-1876), and the years of unstable albeit pluralistic competition after the Mexican Revolution (1917-1929).

Table 5.4 Perpetuation of the logic of political order in Mexico

<table>
<thead>
<tr>
<th>Stages of political order</th>
<th>First Cycle</th>
<th>Second Cycle</th>
<th>Third Cycle</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Spoils-system collapses due to insufficient resources to buy off a large enough coalition.</td>
<td>1823—Collapse of First Mexican Empire under Agustín de Iturbide</td>
<td>1858-1867—Reform Civil War and French Intervention</td>
<td>1910-1917—Mexican Revolution</td>
</tr>
<tr>
<td>2. Opening of organizational freedoms; idealists seek to create impersonal organizations and build a social contract following foreign models.</td>
<td>1824-1830—York clubs try to politicize the popular classes along impersonal lines</td>
<td>1868-1876/1880—Restored Republic, clubs and “parties” re-emerge</td>
<td>1917-1928—Contested elections amongst post-revolutionary parties</td>
</tr>
<tr>
<td>3. Entrenched personalistic organizations bring down the social contract.</td>
<td>1828-1829—Guerrero’s rebellion after elections; Anastasio Bustamante’s coup against Vicente Guerrero.</td>
<td>1876—Plan de Tuxtepec / Conflict between Lerdo and Díaz</td>
<td>1928—Assassination of Álvaro Obregón</td>
</tr>
<tr>
<td>4. New spoils system is negotiated and organizational repression is imposed.</td>
<td>1830-1858—Competition between caudillos to capture the state (repeated breakdowns of political order)</td>
<td>1876-1910—Porfiriato</td>
<td>1929-2000—Consolidation of the party-state (PNR-PRM-PRI)</td>
</tr>
<tr>
<td>5. Impersonal organizations are disbanded and the popular classes fall back on personalistic relationships to seek access to state resources.</td>
<td>1830-1858—Strengthening of caciques as brokers between national caudillos and the masses.</td>
<td>1880-Cooptation of voting clubs, repression of opposition, strengthening of caciques.</td>
<td>1929-1946—Corporatist reorganization of the popular classes.</td>
</tr>
</tbody>
</table>

Third, these social contracts were extremely vulnerable to entrenched particularistic interests that continued to control the popular classes through personalistic relationships. These
personalistic organizations then captured and reconfigured the state again as a spoils system. This occurred during the years of caudillo politics (1830-1858), during the Porfiriato (1876-1910), and again under the post-revolutionary regime (1929-2000). Fourth, the construction of these spoils systems was accompanied by heightened organizational repression, especially against those actors that tried before to mobilize the popular classes in order to build a social contract. Finally, the crackdown on organizational life pushed the popular classes to fall back on their personalistic connections with politically connected elites in order to also gain access to the spoils system. Again, political order would survive as long as state actors controlled sufficient resources to buy off a large enough coalition of supporters.

5.3.2.1 First Cycle of Political Order: From the First Federal Republic to the Reform War

Public finances had been in decline since 1780 and the years of conflict further depleted the state’s coffers (TePaske in Rodríguez 1989:73). The first years after independence were financed through loans from British banking houses, and when those loans expired governments turned to domestic moneylenders (agiotistas) (Tenenbaum in Rodríguez 1989:213). Credit thus became the main source of public revenue very early on for the newly independent nation. Governments would struggle to collect direct taxes, especially facing the resistance of the wealthy. Trade tariffs, which were expected to represent the core of the fiscal apparatus, were hit by the decline in foreign trade from 1827 to 1832 and the corruption of tax collectors (Tenenbaum 1986:25-26). In addition to debt, governments during this period resorted to selling land to the United States (under Santa Anna) or expropriating and then selling ecclesiastical properties (under the Restored Republic). These sources of revenue, besides being inefficient and
limited, did not mean an increase in the resources that state actors could use to allocate rents to supporters, but were merely transferring resources from one set of actors to another. As a result, by appeasing the demands of one group, state actors alienated other powerful constituencies that would then plot against them.

During this period, local and regional elites, the Church, and the military, did not hesitate to mobilize armed men to defend their interests and pursue their political ambitions. The support of these actors was thus indispensable for any political system to survive. However, the lack of resources made it extremely difficult for national governments to buy that support. As these groups sought to extract rents from a famished state, they made political order extremely volatile.

We can begin our analysis of the cycles of political order and disorder by the end of 1823 with the abdication of Agustín de Iturbide as emperor of Mexico. This was the time when the Mexican state first established modern state institutions and no longer adopted old institutional forms from the colonial period (Anna 1998:x). The First Federal Republic, which formally lasted from 1824 to 1835 (when the centralist reforms were implemented), witnessed during its first years a heightened enthusiasm for the construction of a republican and democratic social contract. As we saw before, elites adopted organizational strategies from France and the United States to create political and electoral clubs. The more “progressive” factions, the federalists, convened around the York lodges, and saw in those clubs the opportunity to mobilize the popular classes and integrate them into the new political system.

Unfortunately, the events that followed the 1828 elections made it clear that the most powerful political actors were not willing—or even bound—to comply with the republican constitutional framework. Despite having a clear majority of popular support, Vicente Guerrero, the York candidate lost the vote count of the electoral colleges to the Scot candidate Manuel
Gómez Pedraza. Some of the generals that supported Guerrero, foremost among them Santa Anna in Veracruz, took up arms. Guerrero was then installed, as the result of a mutiny, in power (Green 1987:159-161). By then, the veneer of legality coming from the 1824 constitution was gone, and the personalistic ambitions of the generals on both camps were let loose. A year later, Anastasio Bustamante, Guerrero’s vice-president, staged a coup that began several decades of extreme political instability. In 1935, the centralist and conservative leadership under the command of Santa Anna, passed the Seven Laws that restricted citizenship rights, concentrated power in the President, and imposed restrictions on organizational freedoms. As this occurred, the popular classes were once again only linked to the state through their personalistic relationships with local and regional strongmen.

The period between 1824 and 1829 would represent the first attempt to build a social contract through a liberal constitution. However, the political reality was one where most of the population continued to be organized around personalistic organizations—the clienteles of the warlords and military strongmen of the War of Independence. These organizations pushed forward the particularistic interests of their leaders, and mobilized their supporters with the promise of material rewards. Once those private interests threatened political order, the defenders of the social contract were forced to resort to their own personalistic networks to face the threat, contributing to the mutation of the state once again into a spoils system. In the end, the expansion of organizational rights and electoral practices, in a context dominated by personalistic relationships, meant that those rights and institutions were used in delegative and clientelistic ways to create a spoils system. This is a pattern that we will observe repeatedly in 1828, 1876, and 1928.
In the 25 years between 1830 and 1855, that is, from Anastasio Bustamante’s coup against Guerrero to the Reform civil war, the Presidency changed hands 45 times (Stevens 1991:11). During these years, a rent-seeking logic amongst political actors became explicit and unapologetic. None of those actors, however, was capable of consolidating power through a spoils system. This instability was not produced by impersonal organizations that resisted the capture of the state by private interests. As I showed in the previous section, those organizations did not exist in Mexico at the time. Instead, political instability was caused by the abundance of strong personalistic organizations that competed against each other to capture a diminishing pool of resources.

During these years of overt struggles for power, the success of political elites depended on their ability to mobilize popular support. Centrifugal forces weakened national governments and strengthened local and regional chieftains. If the popular classes experienced a very brief period of autonomous organization around the voting clubs of the 1820s, by the 1850s their interaction with the political system was unavoidably mediated by those local caciques. Various provinces tried to break away from the country during this period: Texas, most famously, but also autonomist movements erupted in Tabasco, Zacatecas and Yucatán. In some occasions, warring between the provinces and the national government was about breaking out of the union; at times, it was about the attempts by elites with a national program but a regional basis of support to take over the government; and, at times, it was about resisting the encroachment of the central state into their fiefs.

In this regard, the repertoires of contention that regional and local rebellions took reveal the personalistic nature of those revolts and the rent-seeking logic of the political system. Rebellions often begun with pronunciamientos, which were public statements drafted in written
form as a combination of a petition, a statement of principles, and a threat of the use of violence (Fowler 2010:xv-xvi). The petition was copied and circulated around neighbouring towns with the hopes that they would adhere to the cause, and convince the government of the need to negotiate and acquiesce to those demands. Town councils, state-legislatures and disgruntled officers frequently used this strategy to make demands to national authorities. In many ways, they represented a show-of-force whereby the pronunciadors threatened to withdraw their support to the authorities and challenge political order if their grievances were not addressed. Pronunciamientos could only work because the threat of armed revolt was real, and this came from the ability of local and regional notables to mobilize men for their cause.

When high-level political elites authored pronunciamientos, they were framed around principled considerations, and represented extra-constitutional means—of course, backed by the threat of violence—to justify an attempt to capture power. Santa Anna, for example, was the leader of five separate national pronunciamientos, whereby he either toppled the current government to help an ally take power (as was the case in 1823 and 1828), or directly put himself in the presidential seat (in 1832, 1846, and 1852-1853) (Fowler 2010:205-206). To highlight how common this strategy of political negotiation was during these years, Fowler suggests that only Santa Anna “planned, led, and benefit from participating in or endorsing one or more pronunciamientos in 1821, 1822, 1823, 1828, 1832, 1834, 1835, 1841, 1842, 1846, and 1852-1853”, while also opposing the pronunciamientos of his adversaries in 1824, 1827 (twice), 1828, 1829, 1833, 1835, 1838, 1839, repeatedly in 1844-1845, and in 1854 against the Plan de Ayutla that finally kicked him out of power (Fowler 2010:207). Will Fowler and his research team have identified over 1500 pronunciamientos between 1821 and 1876 (Fowler 2010; 2012).
At the level of national politics in which Santa Anna operated, the *pronunciamientos* demanded authorities to step down, to suppress Congress, to remove ministers, to restore a past constitution, or to backtrack on an unfavourable policy. However, the *pronunciamiento* was a common practice at every level of Mexican political life as a negotiation strategy: the more local the *pronunciados*, the more particularistic their demands. Often, these local expressions were presented as part of a wave following an influential *pronunciamiento* at the national level. In these cases, local *pronunciamientos* were an expression of adherence to a larger cause (*acta de adhesión*) in order to publicly express allegiance to a caudillo or a faction. Underneath those general abstract expressions, they also pushed their own interests (Rugeley in Fowler 2012:6; Fowler 2009:20). For instance, the Plan de Huetamo, Michoacán in 1832 expressed its adherence to the Plan de Veracruz (issued by Santa Anna days before to challenge Bustamante’s presidency), however, also added a clause demanding that a man named Anselmo Elisalde be appointed as head of the community. In 1836, members of the opata indigenous tribe in Sonora issued a *pronunciamiento* to denounce the encroachment of local landowners on their ancestral lands (in Vázquez 1987:84-85). In another local *pronunciamiento*, in the summer of 1836, a Yucatán merchant and militia leader, Santiago Imán y Villafaña, issued a *pronunciamiento* against the conscription of local men by the national government to fight the Texas wars. For Imán, conscription was draining the town of Tizmín of manpower and taxpayers (Rugeley in Fowler 2012:14-15). The *pronunciamiento* thus represented “a ritualistic and pseudo-legal practice that, albeit meta-constitutional and unlawful, served the main purpose of allowing a broad range of actors, both enfranchised and disenfranchised, to attempt to influence, inform, participate in, and engage with local and national politics” (Fowler 2010:148).
In a state lacking resources, the logic of negotiation of privileges, private benefits, and exceptional treatment that operated at every level of Mexican politics, meant that political order was held hostage to the particularistic interests of thousands of factions. Pronunciamientos could begin at the top or the bottom of the social hierarchy, and when successful they would trigger waves of discontent in an entire region. Sometimes chieftains revolted to pursue their own political ambitions, sometimes they were forced to rebel by the pressures coming from their own clienteles. As these revolts drained resources from the state, instability became chronic. Appeasing one group meant alienating its rivals. Raising revenue triggered resistance, but creditors demanded payment and threatened invasion.

5.3.2.2 Second Cycle of Political Order: From the Reform War to the Porfiriato

The Reform War (1857-1861) and the French Intervention (1861-1867) had a double-effect on civil society. On the one hand, personalistic conflicts were aggregated and articulated around the confrontation between Liberals and Conservatives, and local grievances were temporarily subsumed under competing state-building projects. The end of the civil war and the expulsion of the French after 1867 strengthened the Liberal factions nationwide, since the Conservatives had been not only militarily defeated but were also associated with the foreign invader. This gave the Liberal leadership under Benito Juárez a brief respite from the revolts of provincial strongmen. On the other hand, the years of violent conflict, especially during the war against the French troops, militarized the countryside, turning peasants into soldiers and local strongmen into leaders of armed units (Fallaw and Rugeley 2012).

Liberals took power with the goal of finally restoring order by breaking with past political practices around personalistic leaders. However, their commitment to enforce the 1857
Constitution represented another short-lived effort to build a social contract. As it occurred with the attempts of the 1820s, the construction of a social contract through liberal-democratic institutions faced an intractable contradiction with the political reality of the country. The resilience of personalistic organizations, in the form of the dozens of local chieftains with the ability to—electorally and militarily—mobilize their clienteles, made again this incipient social contract vulnerable to private interests. Laurens Ballard Perry summarized with eloquence this contradiction:

The political rhetoric of the Restored Republic emerged from the liberal model, not from political practice. The practice was distinct from the model because imported liberalism did not conform to the realities of Mexico or solve the obvious economic stagnation, lack of opportunity, rural misery, unemployment, and insecurity. What opportunity was available was monopolized at local or state levels, fanning intense local rivalry. The many local rivalries in turn threatened the liberal view, accepted by Juárez and Lerdo, that prosperity would flow from political stability. Certainly, the personal positions of national politicians were threatened by the ability of opposition governors to control congressional and presidential elections in their states. Therefore, Juárez and Lerdo adopted and advanced a policy of executive centralism to control the whole political system by using presidential power to support cooperative governors and replace uncooperative ones […] Executive centralism, however, alienated individuals and factions who attacked the incumbent government for their own economic and career interests. They cited the same political rhetoric as the power-wielders, but if they
obtained office and planned to stay, they used the same successful tactics of machine politics used by former enemies (Perry 1978:200).

As it occurred in 1828 and it would occur again in 1928, the defenders of the Restored Republic, Juárez and Lerdo, resorted to their own personalistic networks to face the threats posed by other actors who tried to capture the state for their own private benefit. In doing so, they contributed to the erosion of the social contract. It was in this context that Porfirio Díaz, after two unsuccessful attempts to win elections against Juárez and Lerdo and having the support of large segments of the army and local populations in Oaxaca, Puebla and Veracruz, launched the Plan of Tuxtepec to contest Lerdo’s bid for re-election. In 1876, Díaz took power after defeating Lerdo’s troops and the forces of other power-seeking strongmen (namely, the president of the Supreme Court, José María Iglesias, and the army generals that joined the iglesista movement).

5.3.3 The Consolidation of a Spoils System under the Porfiriato and the Post-Revolutionary Regime

Political order was effectively established—at least compared to the preceding decades—during Porfirio Díaz’s rule (1876-1910) and then again, after the Mexican Revolution, from 1929 onwards. In both cases, order rested on effective spoils systems that coopted the support of regime insiders.

From the context in which it emerged, the Porfiriato could only establish political order through the construction of a spoils system. Certainly, the institutional conditions for a different alternative were not present. It was a regime that emerged from the political logic of the 19th century, without meeting the doorstep conditions for a transition to a social contract (table 5.6).
However, the reasons why the post-revolutionary state developed as a spoils system are less obvious. The three doorstep conditions had been met when the revolution broke out: elites’ rights were largely protected, they interacted through sophisticated impersonal organizations, and the military was under political control. Additionally, organizational freedoms blossomed in the aftermath of the revolution (1917-1929), when the possibility for a pluralist democracy to grow was an open—albeit risky—possibility.

As the Organizational Theory of Political Development would suggest, the explanation of the emergence of a spoils system after 1929 is to be found in the internal structure of societal organizations. During and after the revolution, the popular classes continued to be mobilized through personalistic relationships and around demands for state-supplied private goods. Such entrenched particularistic interests undermined the efforts to build a social contract between 1917 and 1929, despite widespread organizational freedoms, and pushed instead for the consolidation of the post-revolutionary regime as a corporatist spoils system.

Functioning state institutions only appeared in Mexico with the rise of General Díaz to power. The Porfiriato began under very similar conditions to previous authoritarian regimes in Mexico (Perry 1978). The crucial difference, however, was the economic context in which Díaz established his power. The Second Industrial Revolution and the international liberalization of trade accelerated economic growth globally (Ocampo and Parra-Lancourt 2010). Díaz was very adroit in riding the wave of economic prosperity in order to generate rents that could be distributed to key supporters and thus buy the stability of the regime (Haber, Maurer, and Razo 2003:344). The regime relied on pacts with local oligarchies that were given free pass to rule their regions and participate under preferential conditions in the booming export-oriented economy in exchange for loyalty to the regime. As he defeated competing caudillos, he allowed
them to maintain their economic and social influence (Guerra 1988:236). In this way, by creating a pyramid of interlocking personalistic linkages, loyalties and solidarities, he put an end to the internecine wars between rival strongmen.

Table 5.5 Causal logic and observable implications of alternative explanations for a failed transition into a social contract

<table>
<thead>
<tr>
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<th>Causal logic</th>
<th>Observable implications</th>
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| **Institutionalist arguments** | 1) Impersonal relationships and organizations do not develop between elites. They are connected to the spoils system through personalistic relationships.  
2) Lack of competitive pressures limit the expansion of organizational rights. | Elites maintain their power by restricting organizational rights to the popular classes. |
| **Organizational Theory of Political Development** | 1) Impersonal relationships do not develop among the popular classes.  
2) Elites may or may not expand organizational rights to the rest of the population.  
3) If impersonal organizations do not exist when organizational rights and universal suffrage are granted, electoral competition generates increasing returns for members of personalistic organizations, and decreasing returns for members of fledgling impersonal organizations. | Organizational rights are recognized for all citizens, but the organization of the popular classes continues to be dominated by the elites through personalistic relationships. |

The spoils system of the Porfiriato allocated rents through economic policy and financial regulations (Calomiris and Haber 2014:331-365). The regime invested heavily on the development of public infrastructure. However, the geographical distribution of these public works, especially transport and communications infrastructure, was used as a reward for supporters, opening access for them to the booming international markets. It imposed high-tariffs
to protect manufacturing industries loyal to the regime and in some cases created quasi-official monopolies to also protect them from domestic competition. Land property rights were respected only for regime insiders, and everyone else was always at the risk of losing their lands (Haber, Maurer, and Razo 2003:343). Banking was an even more blatant example of cronyism during the Díaz dictatorship. The General Banking Act of 1897 gave charter rights to state governors to create monopolistic banks within their territories (Calomiris and Haber 2014:340). Entry barriers were extremely high to avoid competition and governors and their cronies sat on the board of directors. These board members, usually the strong industrialists of each state, would also be the biggest debtors of the banks, channelling credit to their other firms.

The conciliatory politics that allowed competing strongmen to enrich themselves as long as they did not harbour political ambitions against Díaz could only work under favourable economic circumstances. Therefore, the end of the Porfiriato came from, on the hand, the reduction of available rents caused by the world economic crisis of 1907, and, on the other, the growth in the size of the coalition of supporters necessary to maintain stability. In 1907, the Knickerbocker crisis made copper and metal markets collapse worldwide, directly hurting the price of Mexican exports: hemp, coffee, and industrial and precious metals (Gilly 1994:79). Mining operations laid-off thousands of people, and the state had to step in to rescue strategic industrial (railroads) and banking firms from bankruptcy. Additionally, the decades of economic growth strengthened political outsiders that increasingly demanded access to the allocation of benefits by the regime. We can identify amongst these new political actors the rural middle classes that became the leaders of the revolutionary movement, bringing with them the clienteles that filled the armies. Once the aging dictator announced that he would be stepping down after
the elections of 1910, the struggle between regime insiders (the científicos and the revistas) and the ambition of outsiders to capture the new spoils system ultimately made it collapse.

The political practices of the “Pax Porfiriana” guaranteed order for more than thirty years and created the necessary stability to maintain rapid economic growth during most of that period. They also fostered the concentration of assets in the Mexican economic structure; the emergence of a handful of politically powerful, family-owned business groups that controlled finance and industry; and the perpetuation of local patterns of domination.

Furthermore, the program of economic modernization implemented by the Porfiriato transformed the nature of social relationships between elites. Rule of law was assured to the members of those powerful families, and impersonal, perpetually-lived organizations (especially economic firms) flourished during this period as the result of the liberal economic policies of the regime. Significantly, Porfirio Díaz finally succeeded in creating a professional military under political control. For instance, when Díaz announced that he would convene elections in 1910, General Bernardo Reyes, former Minister of War and the moral leader of the army, immediately campaigned with the conviction that he would be Díaz’s candidate. The dictator did not agree and sent him instead on a diplomatic mission to Europe to curtail Reyes’s electoral ambitions. Contrary to the 19th century experiences, Reyes, who held under his command the military reserve force (Segunda Reserva), did not revolt and obeyed Díaz’s orders. He only took up arms once Díaz had fallen and the Mexican Revolution broke loose. In other words, by the end of the Porfiriato, the doorstep conditions for the emergence of a social contract were all in place. However, by the end of the revolution, political order would once again consolidate through an elaborate spoils system, not through a social contract.
The Mexican Revolution of 1910-1917 replicated the localized patterns of popular mobilization of the past. During the revolution, the insurgent armies were made of networks of chieftains, caciques and warlords that could mobilize rural populations in ways that reminded of the popular struggles of 1810 (Mallon 1994; Van Young 1984, 2006; Hamnett 1986; Buvé 1992, 2003; Knight 1986; 2012; Tutino 1986, 2009; Tobler 1994; Guardino 1995, 1996). Nevertheless, it was a far-reaching social revolution insofar it transformed the political system through violent popular mobilization. Indeed, hitherto subordinate classes (rural middle classes) replaced the traditional political elites (the landed upper classes) behind the steering wheel of the post-revolutionary state.

The revolution broke out in 1910, although heightened political activity went back to the mining strikes of 1906 and 1907, as well as the high expectations caused by Díaz’s promise in 1908 to call for democratic elections. Amongst those elites, three political currents quickly emerged as contenders in the upcoming electoral process: the Partido Liberal Mexicano, which grouped together liberal and anarchist ideologues and that after 1907 was heavily repressed by the regime; the Partido Democrático, behind General Bernardo Reyes’s candidacy; and the Partido Antireeleccionista, led by Francisco I. Madero, member of one of the richest families in the country, which ultimately absorbed many of the more moderate members of the PLM after 1907 and inherited Reyes’s networks of supporters after he was sent to Europe by Díaz before the elections. By 1910, Madero’s Partido Antireeleccionista, which started as a very small contender, was the only organization of the opposition facing Diaz in the elections, strengthened by the organizational work that had been done by the PLM and the reyistas (Knight 2012:99).

Shortly before the election, Madero was imprisoned and Díaz was re-elected. In October 1910, Madero escaped from his guards and hid in San Antonio, Texas, from where he issued a
call for armed revolution. As Madero crossed the border again, his call was answered by an unexpected combination of forces that gathered members of the local oligarchies in the Northern states, as well as the nascent rural middle classes, composed of ranchers, muleteers, and small landholders who commanded the support of peasants, hacienda workers, and other country-dwellers (Garcíadiego 2010:xxxiv-xxxv). Against Madero’s expectations, the urban middle and working classes remained passive. Díaz resigned shortly after and left the country, while Madero, a committed democrat, called for new elections, which he won in 1911.

Madero’s short presidency was an idealistic effort to build a new social contract in a country with a social structure that had barely changed since the 18th century. His moderate liberalism alienated the popular forces that had fought initially by his side, triggering the revolts of Emiliano Zapata in Morelos and Pascual Orozco in Chihuahua. At the same time, counter-revolutionary plots emerged under the leadership of former porfiristas that sought to capture power for themselves: Bernardo Reyes, Félix Díaz (Porfirio’s nephew), as well as army generals, such as Victoriano Huerta, who negotiated with the other reactionary forces and the US government the plot to topple Madero. In February 1913, the counter-revolutionaries captured and executed Madero, and Huerta took power. It would mark the beginning of an open civil war in the country, the defeat of the moderate liberal-democratic actors, and the radicalization of the revolutionary contingents that now adopted a much more popular composition in the armies of Zapata in Morelos, Francisco Villa in Chihuahua, Venustiano Carranza in Coahuila, and Álvaro Obregón in Sonora.

The conflict was thus defined by the personalistic ambitions of these characters and their followers, who repeatedly changed sides and betrayed one another. As a result, the main challenge that the leadership faced once Huerta was defeated during the summer of 1914 was to
impose its authority on the maelstrom of provincial forces that represented the roots (and strength) of the revolution (Knight 2012:24).

In 1917, Carranza promulgated a new constitution. The document turned out to be very progressive for its time. It incorporated some of the demands for agrarian reform and economic interventionism pushed by the popular classes, while re-founding the Mexican state as a representative, federal, democratic republic. It recognized wide organizational rights (article 34.III). The first electoral law passed on February 6, 1917, established very few requirements to create a political party: that it did not adopt a religious name and that it was not formed to defend the interests of a particular ethnic or religious group (Garrido 1982:38). However, a subsequent electoral law of July 2, 1918, increased requirements to create parties, and, more importantly, gave municipal authorities the responsibility to carry out the elections. Local caciques thus gained control over electoral politics.

From 1917 to 1929, Mexican politics were marked by the infighting between the myriad interests harbourd by the revolutionaries. After almost a decade of violent conflict, the political system was still malleable and neither a spoils system nor a social contract had fully emerged. The proliferation of organizations, some of them organized as impersonal, programmatic, mass-mobilizing parties (Partido Comunista Mexicano, Partido Laborista Mexicano), inspired hopes that political order would take the shape of a pluralist government. However, just as had been the case during the years of popular enthusiasm around the Yorkino clubs after independence (1824-1929) and the high hopes of the Restored Republic (1868-1876), the efforts to build a social contract were stifled by the rent-seeking pressures of powerful private interests trying to capture the state. The organizational structure of Mexican civil society, which continued to be dominated by personalistic relationships, made impossible the stabilization of a social contract.
In 1920, Carranza was captured and executed by rebellious generals, after he refused to name Obregón his successor. Obregón then won the elections, since the military chieftains and traditional caciques loyal to him controlled most of the political organizations that competed (Garrido 1982:41). In 1923, Adolfo de la Huerta unsuccessfully took up arms after Obregón named Plutarco Elías Calles his successor. The following year, Calles won the elections with almost 90% of the votes and the support of most of the established parties (Garrido 1982:50).

In 1928, Obregón ran again for a second term. During the 1920s, popular organizations increasingly gained power and were less evidently organized through clientelistic ties, especially the Partido Nacional Agrarista (PNA), that attracted significant peasant support, and the CROM-PLM that represented the majority of organized workers. However, their political linkages with Obregón and Calles, respectively, made them quite vulnerable to the fates of their caudillos. The CROM in particular was severely weakened by the assassination of Obregón, shortly before the beginning of his second term in office, since it was accused of being part of a murderous conspiracy.

President Calles used Obregón’s death to call for the institutionalization of the revolution under a monolithic political party. The Partido Nacional Revolucionario (PNR) was then built as a coalition that grouped together 148 organizations from 28 states: agrarian leagues, local unions, provincial parties, and regional militias. Once the new party was created claiming to represent all the different strands of the revolutionary family, any political interests left outside of this coalition would be “counter-revolutionary” and thus seen with suspicion (Garrido 1982:62).

The weakness of the impersonal organizations (especially the CROM-PLM) that during the 1920s tried to mobilize the popular classes was crucial for the approval of the Federal Labour Code in 1931. The new Code created the legal framework for the corporatist state to emerge and
the period of organizational repression that followed. Major mass-mobilizing organizations (CNC, CTM, and CNOP) were then created in the mid-1930s under the control of the PRM. These organizations, contrary to the agrarian leagues and worker syndicates that preceded them, were no longer accountable to the regional caciques of the past, but they were not accountable to their members either. The new party-state reconfigured the spoils system by removing the local elites from the middle and empowering instead political subordinates as organizational leaders. By maintaining a patron-client hierarchical structure, organizational leaders enjoyed preferential access to state-supplied private goods, and maintained order by disciplining their followers through the selective distribution of rents and other privileges (Eisenstadt and Roniger 1984; Roniger 1990; Buvé 2003:39-40). Over time, they would develop their own networks of patronage based on personalistic relationships.

In sum, the network of state-sanctioned, compulsory and non-competitive labour, peasant, and public servant organizations that emerged under the PRI regime interacted with the state in very similar ways as their 19th century parochial predecessors: (1) asking for the allocation of rents and special privileges instead of the expansion of rights and other public goods; (2) demanding exceptions in the application of unpopular policies rather than trying to influence the policy-making process; and (3) accepting a subordinate position vis-à-vis the state that depended on a spoils system of political patronage.

PRI governments maintained order through the supply of private goods, in very similar ways as it was done under the Porfiriato, but to a much larger extent since the new spoils system needed to absorb a much larger coalition of supporters. This entailed the constant reallocation of private goods to please constituencies. In some cases, it took the form of blatant corruption and embezzlement, which were (and remain today) common features of the Mexican state. In other
cases, it occurred through more subtle—and even legal—practices that used public offices and policies to create rents for supporters of the regime. In what follows, I provide two examples of how the regime bought its stability through a spoils system that distributed rents and benefits to key societal actors: the use of the public administration for political patronage and the influence of business interests on politics.

Local and federal bureaucracies represented sources of political patronage to reward supporters. Clientelistic networks colonized the bureaucracy in the form of “camarillas”, that is, informal cliques, “held together by ties of friendship or convenience”, whose members moved together through the administration as they negotiated political rewards (Arellano Gault 2009:6). This form of patronage operated at every level, nurtured by the corporatist structure of the party-state. The creation of new bureaucratic agencies served to provide employment in the public sector to supporters affiliated with the peripheral organizations of the party. Moreover, the unionization of public servants under these conditions would also serve to control the distribution of private goods. Contrary to the French case, where the associations of public servants tried to break out of their subordination to political leaders, public sector unions in Mexico fostered the hierarchical structure between party members, union leaders, and workers.

Public education, social security, and agrarian reform institutions famously became key sources of rents for PRI leaders to negotiate political support, empowering organizational intermediaries at the expense of the sustained supply of high-quality services. Public education became dominated by syndical caciques under the Sindicato Nacional de Trabajadores de la Educación, created in 1949, affiliated with the CTM (the syndical branch of the PRI), and the only recognized union of public teachers. The party and its satellite organizations would dominate social security through its two main institutions (the Instituto Mexicano del Seguro
Social, IMSS, for formal workers of the private sector, and the Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado, ISSSTE, for employees of the public sector. The agrarian reform entailed much more than land redistribution, but a complex system of credit, subsidies, and technical support for peasants, becoming one of the centerpieces of the spoils system in the countryside. These agencies were often coopted by popular groups associated with the CNC (the peasant arm of the PRI).  

Despite the language of popular inclusion, the corporatist structure of the PRI was designed to discipline labour. Economic interests, in particular those of the merchant-financier-industrial conglomerates that operated in monopolistic and oligopolistic markets, “controlled the economic apparatus of the state” and represented the “financial backbone of the government” (Haber 1989:193). State autonomy was eroded not only by a patronage-based bureaucracy responsive to the patrimonial interests of cliques and clienteles, but was also undermined by the ability of economic interests to use the political system to capture rents.

At the beginning, the new post-revolutionary governments needed the support of these financial-industrial groups to replenish the public treasury and obtain access to credit. Later on, the commitments of PRI governments to organized labour improved the relative bargaining power of these business groups, since they were the only actors in the private sector capable of providing all of those—often-redundant—jobs. Over time, the development banks created by the state to supply credit for small and medium enterprises destined their credit to the large industrial conglomerates, since this form of subsidy was the only way to maintain the levels of employment demanded by the unionized workers (Calomiris and Haber 2014:362-364).

97 See González Navarro 1985; Calomiris and Haber 2014:361.
Organized labour, concentrated within the ranks of the CTM, could negotiate wage increases, employment, and labour rights, but was far from representing a challenge to the politically-connected business groups. Since most workers were not unionized, they could not benefit from the privileges obtained by CTM affiliates, which created a dual-track labour market. No autonomous organization represented the interests of the working classes in any way that could challenge the capture of economic policy by private firms. Furthermore, the highly concentrated ownership of industry and finance entailed the absence of competing business associations. Large firms adapted to control different productive sectors to reduce competition, generating monopolistic or oligopolistic markets and political collusion with state actors (Haber 1989:44-62, 193). The strategy was a very efficient one, insofar it generated enough support for the ruling coalition to stay in power and maintain political stability. In exchange insider societal actors gained privileged access to state-supplied private goods. Favoured firms enjoyed control over non-competitive markets and scarce credit, which were a major source of rents. Loyal unionized workers enjoyed higher wages, job security and better work conditions than the majority of the population.

The presence of impersonal popular organizations would certainly not have been enough to prevent the collusion between big businesses and state actors, since it was the result of the economic structure of the country and the legacy of the industrialization strategies of the Porfiriato. Nevertheless, if these impersonal organizations had existed in Mexico after the revolution, they would have foreclosed the possibility for the consolidation of a spoils system, producing a pattern of political instability similar to the one experienced by France during the 19th century.
5.4 Conclusion: Explaining Transitions between Political Systems: Formal Institutions or Organizational Resources

In this chapter, I have argued that we can explain the trajectories of political development followed by France and Mexico during the 19th century by looking at the evolution of the organizational structure of civil society. In France, the emergence and growth of impersonal organizations triggered a series of systemic transformations that changed the logic of politics and broke with the cycles of collapse and reconstruction of political order. As regimes built around spoils systems increased organizational repression, parts of civil society—especially militant workers and republican middle classes—did not retreat to seek access to the state through personalistic connections with notables and elites. Instead, these groups developed autonomous organizations that repeatedly brought down personalistic regimes and then tried to reconstruct political order through a social contract. Once these impersonal organizations became the dominant political actors under the Third Republic, the logic of a new political system could consolidate. Ironically, against the expectations of the 1789 Jacobins, impersonal organizations completed the political program of the revolution: transforming the state from being a distributor of rents and privileges, to becoming the autonomous actor in charge of pursuing and protecting the general interest. Its autonomy did not come from muffling civil society, but rather from the monitoring functions that civil society developed in order to prevent the capture of the state by private interests. In this new political system built as a social contract, political competition was no longer about capturing rents from the state, but rather about negotiating the concrete definition of the general interest and deciding the public goods that the state would provide.

In Mexico, on the other hand, personalistic organizations remained dominant during the entire period. Therefore, the cycles of collapse and reconstruction of political order were never
broken. With every increase in organizational repression, the popular classes sought shelter in the parochial, personalistic connections that would give them access to state resources, thus strengthening the power of notables, caciques, caudillos, or strongmen, as intermediaries between state authorities and the population. Even the construction of a corporatist party-state by the post-revolutionary regime perpetuated this logic. State-sanctioned organizations were used as intermediaries in the allocation of rents and privileges for supporters, empowering political brokers and making societal organizations assume a subordinate position as clients of the state. Political order could only be established then as a spoils system, and competition between societal actors continued to take the form of a struggle between rival clienteles to capture state resources.

Before moving on to the next chapter, I would like to emphasize three theoretical insights that come out from these empirical findings: the path-dependent logic of collective action solutions; the view of trajectories of political development as different solutions to multi-level collective action situations; and a conceptualization of state autonomy as an emergent property of state-society relations.

As seen in the discussion of France and Mexico, changing the formal institutions that regulate political mobilization, such as expanding suffrage or granting organizational freedoms, does not seem to have a major effect on the strategies of political mobilization that individuals adopt. The reason for this is that collective action solutions tend to produce increasing returns. Once a group of individuals manages to coordinate collective action through a given strategy—for example, through intimate relationships of trust and loyalty—the costs of changing strategy increase over time. Therefore, focusing on formal political institutions only takes us half way to explain why certain groups solve collective action situations through one strategy or another;
instead, we need to look at the sociological factors that shape organizational resources: the nature of social interactions, the existence of communicative infrastructures, and the availability of alternative organizational models.

Institutional economists rightly argue that formal political institutions affect the ability of societies to solve macro-level collective action dilemmas, such as maintaining political order or fostering collective outcomes such as economic development or good governance. However, the very same institutions may produce different outcomes at the macro-level because their performance depends on the strategies that individuals adopt to coordinate collective action at the micro-level. As I have shown in this chapter, the strategies that individuals adopt to mobilize politically—whether through personalistic or impersonal organizations—shapes their interaction with state authorities, thus opening or foreclosing alternative solutions to the larger collective action dilemma around political order. In the next chapter, I take this argument further, showing how the strategy adopted to maintain political order further affects the larger coordination challenges around the production of other public goods.

The concept of state autonomy is one of the most contested in the literature on the state. Part of the reason why is because our understanding of state autonomy has been excessively state-centric, which has led either to its complete negation (for example, by pluralists and Marxists) or to a priori assuming its existence (for example, Skocpol 1979; Evans, Rueschemeyer, and Skocpol 1985). I argue instead that state autonomy is indeed an empirically valid concept, but that it is not an a priori property of all states as if it was part of their institutional architecture or functional purpose. In a spoils system, we can hardly talk about state autonomy since the state becomes little more than an arena where rent-seeking actors face each other to use the state apparatus in their advantage. There is very little differentiation between the
state and civil society. However, in political systems built as social contracts, where politics becomes about the definition of the general interest and the state represents the organization in charge of pursuing and protecting it, its autonomy emerges from the mutual monitoring of societal actors and their ability to prevent capture of the state by private interests.
Chapter 6: Building the Social State: A Multi-Level Collective Action Problem

6.1 Introduction

During the interwar years, the French and Mexican states began to rapidly grow in size and scope. However, by 1970, major differences in their ability to solve coordination problems and supply public goods became evident. In Chapter 2, I offered some evidence of this divergence between the two countries. France went from taxing 8-10% of GDP before 1926 to reaching 35% of GDP by 1970. Mexico went from taxing 4-6% to 8% during the same period. By 1970, the French welfare state guaranteed almost universal coverage of public healthcare, social insurance, pensions, and family allowances, while the Mexican social security system barely reached 10% of the population.

The Organizational Theory of Political Development seeks to explain these divergences in state capacity by framing the long-term supply of public goods as a multi-level collective action problem. In a nutshell, I argue that the organizational strategies that societal actors adopt at the micro level to coordinate political mobilization and make demands to the state open or foreclose ways in which state actors can establish political order: either as a spoils system or as a social contract (as explained in Chapter 5 for the cases of France and Mexico). How order is maintained shapes, at the macro level, the society-wide capabilities to solve the coordination challenges of generating and maintaining public goods.

As we saw in Chapter 2, the period of popular incorporation marked a drastic change in the size and scope of activities of the state. State actors now needed to obtain the support of a much larger proportion of the population if they wanted to preserve political order. In response,
they pursued different strategies to seek that support, and the strategies they chose determined the type of political systems that would emerge in the long run.

The push towards popular incorporation was indeed triggered by the experiences of collective violence of the beginning of the century: WWI in France and the social revolution of 1910-1917 in Mexico. These shocks increased the relative bargaining power of the popular classes, but did not fundamentally transform the logic of political order that had already been established during the last years of the 19th century. In both cases, the strengthening of the popular classes entailed their incorporation into the political system. However, there were qualitative differences in how this process took place in each country due to the different logics of state-society relations that WWI and the Mexican Revolution did little to change. In France popular incorporation led to the expansion of public goods, especially taxation and welfare services; in Mexico it led to the enlargement of the spoils system, which now needed to include worker, peasant, and lower middle-class organizations as subordinate partners of the governing coalitions.

In this chapter, I show how these different patterns of popular incorporation and state-society relations facilitated or hindered the production and protection of state-supplied public goods. In particular, I focus on how they affected the ability of the state to transform private wealth into public resources through taxation and to provide welfare services. These policy areas have been selected for two main reasons. First, fiscal and social policies pose significant coordination challenges to the state. In both cases, they involve imposing private costs on societal actors (taxes and social security contributions) to generate public goods from which those who bear the costs of their production are not necessarily those who benefit the most. Second, the evolution of fiscal and social policy during the 20th century show very sharp
differences between developed and developing countries, regardless of the policy preferences of rulers and interest groups, indicating that this variation is largely determined by differences in levels of state capacity.

In France, the popular classes mobilized during the 19th century around impersonal organizations such as mutual-aid societies, labour unions and political clubs. Building on this organizational tradition, they were later incorporated into the political system through democratic mass-mobilizing political parties—the SFIO, the Parti Communiste Français (PCF), and the Parti Radical—and large labour confederations—the CGT and later on the Confédération française des travailleurs chrétiens (CFTC). In their interaction with the state, these groups pushed for labour rights and the expansion of public goods, especially redistributive policies based on progressive taxation and welfare services.

During the first years of the 20th century, business interests successfully opposed those demands. However, as the relative bargaining power of the popular classes increased in the aftermath of WWI, organized business, no longer able to resist the expansion of public goods, tried to intervene in their production in order to limit the costs as much as possible. In the 1920s, the main business associations accepted the implementation of a sales tax to address the post-war debt crisis and expand public revenues, as long as a progressive income tax remained minimal (Owen 1982; Delalande 2011). At the same time, large industries began to finance family allowances for workers in order to attenuate labour unrest, while paying a much lower cost than wage increases would entail. This industrial model of family welfare joined a well-established French tradition of social insurance through mutual-aid societies, especially amongst the urban middle classes (Dutton 2002). The state, facing pressing deficits and trying to implement austerity measures, supported those strategies of private welfare provision.
Nevertheless, in the late 1930s and in the immediate aftermath of WWII, labour unions and socialist parties became a dominant political actor and pushed for a state-controlled welfare regime, since family allowances and mutual solidarism fragmented the labour movement, unions had very little control over them, and only isolated pockets of workers and employees had access to their benefits. As the state tried to reorganize welfare provision during those years, it faced the resistance of employer associations, agricultural syndicates and mutual-aid societies who wanted to retain their control over social security. The state’s response was not to confront them, but to incorporate them as partners in the administration of social security. As a result, the welfare system that emerged after 1945, was directed by the state, financed by social contributions, and administered by autonomous funds (caisses) with governing boards headed by representatives of employers and employees (Palier 2000:116).

Therefore, the expansive fiscal and welfare regimes of the post-war period in France carried the imprint of those multi-lateral negotiations: a regressive but very effective fiscal policy that relied on sales taxes to significantly increase public revenue and a generous but administratively de-centralized welfare state. The point here is not that business, labour and state were all in agreement about the production of public goods. They were most certainly not. Rather, the point is that the interaction between state and societal actors was not driven by a zero-sum competition for rents, but produced positive-sum solutions that were more conducive to collective investments on public goods: family allowances, private social security, and even voluntary tax contributions.\(^98\) From 1920 to 1945, when the state intervened to transform a larger

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\(^98\) Delalande (2010) has described the campaign for voluntary contributions that a group of industrialists launched in 1925 to address the fiscal crisis and service the public debt. Even though their impact on public revenues was minimal, the campaign showed how an attitudinal change was already occurring
amount of private resources into public goods through increases in taxation and the nationalization of welfare provision, societal organizations acquiesced under the condition that they maintained effective institutional oversight over the administration of those public goods.

In Mexico, the logic of the negotiation over welfare and taxation was very different. The personalistic structure of popular organizations meant that they were incorporated into the political system as subordinate clients. They were initially brought in through the coalition of regional organizations created by the PNR (1929) and then reorganized under the corporatist structure of the PRM (1938) and the PRI (1946). From the 1920s to the 1940s, popular organizations had a strong influence on political decision-making, but the nature of their relationship with state actors meant that their support would be bought through targeted benefits, not through state-supplied public goods. In response, organized business interacted with the state through the same logic, conditioning their support to the new regime in exchange for fiscal privileges and state-supplied rents.

The stability of the post-revolutionary party-state was therefore based on the constant redistribution of limited resources in an attempt to satisfy competing groups. This is the reason why tax revenues remained extremely small during the 20th century, since fiscal policy was based on the allocation of exemptions to supporters of the regime: particularly, big industrialists and the peasantry linked to the party through the CNC.99

among conservative interests. These organizations resisted the coercive aspect of taxation and were still distrustful of the ability of the state to administer public resources. However, they were aware of the need to raise revenue for the sake of the general interest, and were willing to contribute as long as they could control the autonomous fund created to ensure that the contributions were only used to service the debt (Delalande 2010:34).

99 The *ejido* was the name given to the communal lands distributed by the state after the land reform of the 1930s. The program of agrarian reform involved much more than land redistribution, but also included the creation of a large machinery of state agencies devoted to providing rural credit, training and
Similarly, the construction of social policy repeatedly took the form of a zero-sum conflict between labour and business. In 1925, labour unions pushed for the creation of social security, but faced the opposition of organized business interests. Pensions were then established only for government workers in order to maintain their loyalty to the regime, but not for employees in the private sector. In 1938, the Cárdenas administration considered again expanding social security to the private sector, but the nationalization of the oil industry had antagonized business interests and Cárdenas did not risk facing them. Finally, in 1943, organized business, labour, and the state negotiated the extension of social security to the private sector, but this came at a high cost to the popular classes. First, only adherents to the state-sanctioned unions would benefit from limited welfare services, while the rest of the population were left outside their coverage. Second, those benefits came at the expense of giving the state the power to control and regulate strikes. Employers accepted the new welfare regime as long as it served as a “ceiling rather than a floor for benefit negotiations with unions” (Dion 2010:23).

As a result, tax revenues and welfare services remained extremely limited in Mexico by 1970. The logic of zero-sum competition between societal actors trying to capture state resources ultimately evolved into a cross-class strategy of accommodation amongst political insiders, where large business conglomerates were given fiscal exemptions, subsidized credit, privileged access to protected markets, and a disciplined labour force, in exchange for helping the state maintain the levels of employment and welfare benefits demanded by the official unions (Calomiris and Haber 2014:362-364).

equipment, and multiple subsidies to ejidatarios. Furthermore, ejidos and their economic products were exempt from most taxes on income and production (Aboites Aguilar 2003).
In sum, we can explain the long-term variation in levels of state-supplied public goods between France and Mexico by looking at how the organizational structure of civil society shaped the interaction between organized interest groups and the state at the time of popular incorporation. In what follows, I first elaborate on the view of public goods provision as a society-wide collective action problem. I then discuss the evolution of fiscal and welfare policy in France and Mexico from the turn of the century to the 1970s, showing how their long-term trajectories are explained by the different political logics of state-society relations.

6.2 State-Supplied Public Goods as a Multi-Level Collective Action Problem

In previous chapters, I argued that one of the main tasks that states fulfill is coordinating large-scale collective action in order to produce and preserve valuable public goods. Indeed, many of the most important outputs that we expect states to produce can be conceptualized as non-excludable goods: from establishing political order and physical security to building productive infrastructure and providing public services. Based on this premise, we can then define state capacity in terms of the state’s ability to perform those coordinating functions, that is, to solve the large-scale collective action problems associated with the supply of public goods. We also saw, in Chapter 2, that the interwar years represented a critical juncture in the political development of many states around the world. During those years, popular incorporation pushed for the expansion in the size and activities of the state. As a result of this expansion, the complexity of coordinating large-scale collective action also increased. The growing complexity in the outputs demanded from the state meant that cross-national differences in levels of state capacity became much wider as some states were better able than others to perform those tasks.
Why do some states succeed while others fail to solve those challenges and supply a larger and more sophisticated portfolio of public goods? A common answer from the literature on political development is that professional and autonomous bureaucracies—that is, autonomous from private interests in society—play a central role in solving those coordination challenges (see, e.g., Evans 1995; Evans and Rauch 1999; Kaufmann 2013).

Autonomous and professional bureaucracies are, indeed, essential for many of the activities of contemporary states. However, this raises the question about where these high-quality public administrations come from. One answer is to suggest that as state actors gain power over society, they can limit the influence of private interests on political decision-making. In these accounts, the professionalization of the bureaucracy is the result of rulers fine-tuning the principal-agent incentives of the administration, in order to make sure that their agents carry out their duties, refrain from corrupt behaviour, and remain accountable only to state authorities (Moe 1984). This argument assumes, however, that rulers are publicly-minded actors with no private interests of their own, carving out power to insulate their activities from societal pressures (Skocpol 1979). In many ways, this view reproduces a Jacobin understanding of state autonomy that draws a dichotomous opposition between the state as the embodiment of the general interest and civil society as the aggregation of private interests. The sharper this distinction is in a society, the more autonomous the state.

An alternative answer to the question about the origins of autonomous and professional administrations is to think about them as public goods in themselves, exposed to the same collective action problems as any other public good, especially in terms of the vulnerability to being captured by private interests. From this perspective, the solution to the emergence of an autonomous bureaucracy is similar to the solutions to other similar situations about the
management of public goods (Ostrom 1990). A community of actors that have private interests but also care about the production and preservation of a given public good (in this case, an autonomous public administration) can solve this collective action dilemma through an institutional environment where they can monitor one another and make sure that nobody captures the public good for their own exclusive advantage. In this account, state autonomy is understood as an emergent property that results not from the withdrawal of the state from civil society—which would only make it vulnerable to the personalistic ambitions of the ruler—but from certain types of interaction between state and societal actors. Therefore, the emergence of autonomous public administrations is part of a larger process of societal transformation, whereby state-society relations are structured in such a way that mutual monitoring makes possible the autonomy of state actors.

We can now tie together the different parts of the argument behind the Organizational Theory of Political Development. The ability of contemporary states to provide public goods depends on their ability to coordinate collective action at a large scale. In order to solve these coordination challenges, states and their administrations need to be autonomous from private interests. This autonomy only exists if societal organizations can monitor each other in their interactions with the state, punishing state actors—public officials, bureaucrats—that use their position to serve private rent-seeking interests.

Of course, in a political system where societal organizations already perform these monitoring functions, other organizations are likely to adopt them since they are not able to capture rents. But the question is how does the process begin? Under what conditions do societal actors first develop these monitoring functions in their interactions with the state?
A societal organization will adopt this monitoring attitude towards the state when, even if it can capture parts of the administration to generate rents for its members, the private gains for each individual would be too low or too uncertain to offset the costs of political mobilization. This can happen if the members of the organization are too numerous and thus each individual’s share of state-supplied rents would be negligible; or if the organization’s leadership is subject to frequent turnovers, and thus it cannot credibly commit to deliver future rents in exchange for political mobilization. Under these conditions, the members of an organization will prefer to push for public goods, since they know that they will be able to enjoy their benefits regardless of what happens to the size or leadership of their organization.

Mass-mobilizing groups are the most likely to adopt this position first due to the large numbers, leadership structures, and impersonal relationships between their members. This is why the incorporation of the popular classes was so important for the transformation of political systems around the world. As these societal organizations pushed for state-supplied public goods, they zealously opposed other actors’ attempts to capture the political system, since private encroachment would undermine state autonomy and thus the state’s ability to produce and protect the public goods that they demanded. As these “first-adopters” prevented other organizations from extracting rents from the state, other groups also changed their strategies, beginning to demand public goods, monitoring state-society relations, and thus stabilizing the social contract.

Differently put, we can explain why some states succeed and others fail in providing extensive public goods to their populations by thinking about state-supplied public goods as a multi-level collective action problem. By this I mean a situation where the solutions that individuals adopt to coordinate collective action at the micro-level determine their ability to
coordinate collective action at the macro-level. The Organizational Theory of Political Development follows precisely that logic: at the micro (inter-organizational) level, the predominant organizational strategies that individuals use to make demands on the state—personalistic or impersonal organizations—determine how political order can be established and maintained in that society; in turn, how political order is maintained—as a spoils system or a social contract—determines whether the state will be autonomous from private interests or not, thus shaping its ability to solve the macro (society-wide) coordination required for the supply of public goods.

As we will see in the rest of this chapter, the organizational strategies adopted by the popular classes in France and Mexico by the turn of the 20th century determined the way in which they were incorporated into the political system. This in turn shaped the logic of political competition during the subsequent decades. On the one hand, impersonal organizations in France that represented business and labour interests fostered a political system where politics became a negotiation about the definition of the general interest, and tended to produce positive-sum outcomes that facilitated the production and preservation of public goods. On the other hand, personalistic strategies of political mobilization in Mexico, adopted by both business and labour, revolved around the demand for rents and privileges, and produced patterns of state-society relations where politics became a zero-sum competition to capture public resources for private benefit.

6.3 France: Civil Society, State Autonomy and Public Goods Provision

During the second half of the 20th century, France emerged as a dirigiste economy, an “entrepreneurial state” (Tiberghien 2007), and a model of “state-enhanced capitalism” (Schmidt
2009). Philip Nord has recently characterized the post-war “French Model” with pointed eloquence, highlighting both the centrality of the state and the concerted interaction between a professional and autonomous administration, business associations, and organized labour. The passage is worth quoting in full:

The state stands front and center in the French model. It is the owner of a vast nationalized sector. It invests. It plans. The plan, however, is not a diktat but a blueprint of goals and targets worked out in concert between civil servants and private interests, both business and trade union. And there is a similar mix of top-down and bottom-up elements in the design of France’s welfare state. The system, which provides a full battery of benefits from health care to pensions, operates under the state’s general tutelage, but it is made up of numerous caisses or funds, financed by a mix of employer and employee contributions and managed by representatives of the contributing parties themselves. A whole separate apparatus exists to disburse family support payments, allocations familiales in French, but it is similar in constitution to the health-care and retirement programs and, in its postwar heyday, of equal weight in the overall structure of the welfare system. In 1946, an estimated half of all Social Security benefits took the form of family allocation payments. The range of the state’s activities, however tempered by interest-group representation and participation, is impressive indeed. All this, of course, requires bureaucratic manpower, a first-rate senior civil service; and France in fact boasts such an elite, the graduates of the state-run École nationale d’administration (Nord 2010:19-20).
As highlighted by Nord, the expansion of the post-war French state was not a process whereby state actors authoritatively imposed their will on civil society. On the contrary, societal organizations shaped the expansion of the French state, and by the end of WWII they had secured their ability to monitor state actors through two different channels: first, through competitive elections in a pluralist democracy, and, second, an administrative architecture where autonomous societal organizations carried out public functions and monitored the activities of specific state agencies. This institutional model, described by Pierre Rosanvallon as a “network state”, is at the foundations of the vast welfare system in France (Rosanvallon 2007). Moreover, it played a key historical role in breaking with the 19th century attitudes against taxation and the bureaucracy.

In the following two sections, I show how taxation and welfare policy evolved hand-in-hand in France from the 1920s to the 1970s. During the interwar years, the French state faced two pressing crises: first, the public debt left behind by the war and the need to rebuild the country, and, second, an increasingly radicalized and empowered labour movement that threatened the stability of the Third Republic. The short-term solution to these crises required the coordination of organized labour, business associations and state actors. On the one hand, the government established a regressive sales tax and implemented austerity measures to reduce the budget deficit, a fiscal policy that business interests were willing to accept but that generated protests by the unions and the socialist parties (Owen 1982:328-330). On the other hand, private organizations took on the supply of welfare services independently from the state, thus attenuating labour unrest: employer associations created a system of family allowances for industrial workers, while mutual-aid societies provided social insurance to the lower middle-classes (Dutton 2002:38).
These measures were not a voluntaristic design on the part of the state, but were rather the unintended result of the piecemeal efforts by state and societal actors as they responded to each other’s pressures under the extreme circumstances of the interwar years. Nevertheless, measures intended only as a short-term solution to the pressing issues of the 1920s and 1930s had long-term effects on the construction of the French social state. As it began to expand its size and scope, especially towards the end of the 1930s with the first wave of nationalizations and the attempts to centralize welfare services, the state had to build on the fiscal and welfare foundations of the 1920s. As a result, post-war France would be characterized, on the one hand, by a dramatic growth in public revenues driven by regressive consumption taxes (Morgan and Prasad 2009; Delalande 2012), and, on the other hand, by a colossal, albeit decentralized, welfare system (Dutton 2002; Nord 2010; Kaufmann 2013).

6.3.1 Taxation

Before the Great War, the ideal of the *état-à-bon-marché* (a cheap state) dominated public opinion. Societal groups, from the Left and from the Right, vigorously opposed taxation and public spending. Despite several military conflicts, tax revenue remained low, as these conflicts were always financed through public debt. During the 19th century, economic elites saw the state as a source of inefficiency and corruption, which could only be kept under control if it was starved. In times of crisis, economic elites might offer voluntary contributions or loans, which were seen as more patriotic and financially appropriate forms of funding the state than taxation (Delalande 2010a:261).

For this reason, even though debates around the income tax went as far back as the Napoleonic Wars, a modest income tax was only created in the context of WWI and did not raise
significant revenues during its first years. In 1907, Minister of Finance Joseph Cailloux presented a new scheme for the progressive income tax that significantly put the fiscal burden on the shoulders of rentiers (large landowners) and the rich. This project would be discussed in the lower chamber and approved in two years, but would stagnate in the Senate (where landed interests were over-represented) until it was approved in 1914 with significant modifications (Delalande 2011:224, 245).

Since the end of the 1890s, several leagues of taxpayers emerged to oppose (and in a few cases defend) the income tax project. Two societal organizations initially spearheaded the opposition: the Fédération française des contribuables, structured around the Société des agriculteurs de France and local agrarian syndicates, and the Ligue des contribuables, which gathered a group of parliamentarians, with the support of the center-right journal Le Figaro, to oppose the expansion of public expenditures (Delalande 2011:221). In 1907, a collaborator of the Ligue des contribuables, Maurice Colrat, created the Association de Defense des Classes Moyennes, which was frequented by conservative republicans (Delalande 2011:227). Finally, by 1909, the Comité central d’études et de défense fiscale gathered together all the different voices that opposed the income tax. The Comité included 29 national organizations, counting in its ranks all the major employer and professional associations, including the conservative agricultural syndicates grouped under the Union Centrale des Syndicats des Agriculteurs de France (UCSAF), as well as powerful industrial interests such as the Comité des Forges and the Union des industries métallurgiques et minières (UIMM) (Delalande 2011:233).

These organizations are revealing of the transformations that French civil society underwent by the turn of the century, especially at the right end of the political spectrum. Conservative interests—industrialists and landowners—which at least until the first years of the
Third Republic continued to share political affinities with monarchical factions (Legitimists, Orleanists or Bonapartists), by the 1900s had gradually shifted their allegiances towards moderate and conservative republicans, adopting their organizational forms and language.

The ways in which conservative organizations framed their opposition to progressive taxation show how deep the republican notion of politics as the definition of the general interest had permeated society in the past few decades. Even though all of these groups were trying to protect their properties and fortunes, they had to frame their demands in the universalistic terms of the general interest. They devised four main strategies to articulate their opposition along these lines: (1) arguing that the progressive nature of the income tax imposed categorically different fiscal burdens on different groups of people and therefore undermined the sacred bond of equality between citizens (Delalande 2011:220); (2) insisting that the expansion of tax receipts eroded the principle of the “état à-bon-marché” (or the minimal state) that prevented bureaucratic inefficiency and squandering (Rosanvallon 1990:59-60, 234-235; Delalande 2011:220); (3) contending that the administrative requirements of an income tax (the need to declare personal incomes, for instance) would be an intrusion of the state into citizens’ private affairs (Delalande 2011:232); and (4) claiming, in the context of recent scandals (the Affaire Panama had just occurred in 1907), that parliamentarians could not be trusted as guardians of prudent fiscal management, but were at the root of the generalized corruption of French society (Delalande 2011:217). In all of these themes, we observe the type of interaction with the state that we would expect from impersonal organizations: framing their cause in terms of public goods and the general interest, attempting to influence policy-making rather than carving out exemptions to its implementation, and demanding accountability from state actors.
On the other hand, societal organizations that represented the interests of the popular classes were empowered during and after the war. The sacrifices undertaken by soldiers and their families pushed them to demand compensation from the state once the conflict was over, from jobs for veterans in the public sector to intervention in raising wages and social security. Labour unions and socialist parties took on the representation of those demands. The membership of the CGT expanded during those years, peaking at 2 million members in 1920 (Dutton 2002:67). Those numbers declined shortly after with its fragmentation into a socialist faction—which continued to be called CGT—and a more radical communist group, the Confédération Général du Travail Unitaire (CGTU). Similarly, just a year before, in 1919, the catholic union, the CFTC, was created, and by the 1920s it counted 150,000 adherents (Dutton 2002:67). The fragmentation of the labour movement undermined the ability of the left to act in concert and business interests were often successful at resisting their demands. The emergence of multiple labour confederations, however, widened organizational resources for the popular classes, and attracted larger numbers of individuals into politics beyond the more radicalized working class militants. By mobilizing larger numbers of people, often with opposite political views (i.e., centrist Catholics, republican socialists, and communists), these organizations became important political actors during the 1920s and 1930s, increasing the reliance of political parties on popular bases of support and putting social issues on the political agenda.

Inflationary tendencies after the war pushed salaried workers above the threshold for income tax exemptions, which triggered several waves of demonstrations during 1918 and 1919 (Delalande 2011:307). Socialist groups, under the leadership of the SFIO, insisted on the creation of a major tax on capital that would carry out a “conscription of fortunes” (Delalande 2010:41). Despite these pressures, even sympathetic governments under the first Cartel des Gauches (1924-
1926) were reticent to increase progressive taxation, worried that the creation of a tax on wealth would generate capital flight and further submerge the French economy in a deeper recession (Delalande 2010:29). Resistance by business interests to direct taxation continued to be strong. Farmers, artisans, merchants, and industrialists recurrently mobilized to oppose any increases in the tax burden, to the point that opposition to taxation brought down the government of Édouard Herriot in 1925.

WWI left behind a depleted administration and a huge economic crisis. The war efforts had been financed through debt, which by 1918 reached 160% of GDP (Delalande 2011:296). The income tax of 1916 and the turnover tax of 1920 were barely contributing to the debt service (Delalande 2010:29). This put the various governments of the 1920s in a serious predicament. The state needed urgently to raise revenue, not only to service the debt but also to invest in the reconstruction of the country and address the demands of different organized interests.

The solution to this fiscal crisis came out of a series of simultaneous negotiations between state and societal actors that in a piecemeal and self-reinforcing fashion began to shape a new fiscal system. The turnover tax (taxe sur le chiffre d’affaires) was created in 1920 in an effort to raise revenues without touching the sensitive topic of capital levies and other direct taxes.100 The initial proposal was to tax all businesses at 1% of their total sales volume, and after an attempt by the Senate to increase the tax rate to 1.5%, it was finally passed with a 1.1% rate where the additional 0.1% would provide revenue for local governments (Owen 1982:329). Even though they worried about the administrative burden that the sales tax would impose and its effects on exports and small businesses if it reduced domestic consumption, business

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100 The turnover tax was a type of sales tax that businesses paid according to their total sales, which they then passed on to consumers by raising prices a corresponding amount.
organizations were reluctant supporters of this reform, as long as it meant taking increases on income taxes off the table. In the words of a member of the Paris Chamber of Commerce: “We are caught between two perils: the tax on profits and the tax on turnover. I believe that the tax on profits presents all the difficulties that the turnover tax could present and many others as well” (quoted in Owen 1982:297).

During the subsequent years, the tax yield remained fairly modest, even though it gradually became the main source of revenue for the government. From 1920 to 1926, there were several attempts to obtain more resources, either by increasing tax rates or by improving collection and minimizing fraud and evasion. However, these efforts repeatedly met the resistance of actors from all sides of the political spectrum (Owen 1982:389). The crisis intensified in 1924, as confidence in the government began to decline and the currency started to shake.

In 1926, the government of Raymond Poincaré put forward a fiscal reform that addressed the debt problem, the budget deficit, and the worrisome devaluation of the franc. Rather than raising revenue through progressive taxation and addressing the weaknesses of the tax system, Poincaré’s reform focused on the taxes that generated less opposition and were easier to collect. Therefore, Poincaré’s tax bill increased the turnover tax to 2% and extended it to all businesses in order to reach a much broader tax base. It also raised custom duties and postal rates, but it cut down the maximum rate for the income tax by half (from 60% to 30%), protecting the interests of capital owners (Owen 1982:420). Additionally, Poincaré’s fiscal policy imposed severe austerity measures to reduce the public deficit (Delalande 2010:44). Employer associations and other business interests supported the reforms, while the CGT and the SFIO reluctantly gave
their assent to the stabilization program. The vote in the chamber was 448 in favour, 18 against, and 133 abstentions, most of which came from the SFIO (Dutton 2002:97).

This tax bill, modest in its ambition and conservative in its orientation, was really a short-term solution to the financial crisis of 1924-1926. However, it had long-term effects, intensifying the dependence on regressive consumption taxes that would continue throughout the 20th century, especially after the implementation of the Value Added Tax (VAT) in 1954. As Stephen Owen puts it:

[T]he inability to deal effectively with the financial situation cost the Cartel [des Gauches] not only the chance to enact an important new measure such as a capital levy, but also the opportunity to correct the shortcomings of the reform of 1917 and allow the income tax to play a greater role in the fiscal system. This set the pattern for French tax policy which persisted into the post-World War II period: reliance on sales (and later value-added taxes), and relegation of income tax to a secondary role, limited by a narrow base and unchecked evasion (Owen 1982:424).

The question that this reform raises is why the left was willing to accept an expansion of a regressive tax structure and abandoned the project of increasing taxes on capital and wealth. The dissolution of the coalition between the Radicals and the socialists after the failure of the Cartel des Gauches and the success of the stabilization efforts of Poincaré’s bill, only offer part of the answer. The other part comes from a change in the priorities of the dominant actors within a divided labour movement.
By 1926, the CGT and the SFIO had already shifted their focus from fiscal policy to social reform. Organized labour lost the struggle over defining the distribution of the tax burden. However, without knowing it at the time, by accepting this defeat it also made possible the dramatic expansion of fiscal revenue in the following decades, and the growth in tax revenues gave them the opportunity to push for the expansion and democratization of welfare services during the 1930s.

6.3.2 Welfare

As mentioned before, during the 1920s, the popular classes were divided. At the centre of this division was the schism between the socialists and communists, which led to the emergence of the PCF at the left of the SFIO and the fragmentation of the main labour confederation into the CGT and the CGTU. Other groups also commanded significant support from the popular classes. The Parti Radical, the centre-left strand of republicanism, continued to garner the support of the lower urban middle-classes, especially through its alliance with the mutualist movement organized around the Fédération Nationale de la Mutualité Française (FNMF). Additionally, the emergence of the Catholic labour union, the CFTC, further contributed to the fragmentation of the working class, limiting its ability to act as a unified actor.

Far from suggesting weakness in the relative bargaining power of the popular classes, these divisions were partly the result of the ways in which organized business and state actors responded to the intensification of strikes led by the CGT from 1917 to 1919. Fearing the explosion of class warfare, business leaders and parliamentarians encouraged and expanded private schemes of social insurance during the post-war years in order to pacify the working class, in the form of employer-controlled family allowances and mutual-aid societies (Dutton
These strategies of poverty alleviation and social security helped to moderate popular discontent and maintain stability, especially as the state struggled to address the fiscal crisis of the 1920s. These measures were, however, temporary placeholders that gave the state time to face its financial problems, but once the budget deficit was solved by 1928, popular mobilization pushed the state to increasingly absorb the supply of those services and, in doing so, to extend them to the entire population. Therefore, the societal origins of social security and the role of labour unions as the main force pushing for the universalization of welfare services defined the institutional architecture of the welfare state that was built from 1928 to 1946: a decentralized model of social insurance with a separate branch of family welfare, both of which would be administered by representatives of workers, employers and state officials, but with organized labour holding a predominant position.

Mutual-aid societies were crucial in the development of the French social state for two very different reasons. In the first place, as pointed out in Chapter 5, mutual-aid societies represented one of the first impersonal organizational strategies that the popular classes adopted in the early 19th century. Since the 1830s, mutual societies served a key function of coordinating strikes and providing working class militants with organizational resources for political mobilization. Before the law of 1884 that recognized trade unions, mutual-aid societies had reorganized parts of civil society—mostly urban workers and the lower middle classes—along impersonal features, and represented the bases of popular support for republicanism. In other words, the autonomy of the labour movement came out of the organizational transformations that mutual societies spearheaded during the 19th century. Even if by the 1900s, labour unions had taken some distance from mutual societies, their very origins were linked to mutualism.
Second, as the labour movement took distance from the republican bourgeoisie, mutual-aid societies returned to their original functions of providing insurance services to their members, and adopted an actively apolitical attitude towards the state. By the early 1900s, the mutual movement had over 3 million members, making it the most common organizational form amongst the popular classes. It provided the welfare services that unions did not. Members paid an induction and monthly fees in exchange for insurance against incapacitation, and, in very few cases, mutual societies also offered retirement pensions (Dutton 2002:40-41).

Despite this, the benefits offered by mutual societies were limited to a minority of the population, mostly concentrated in urban areas and of middle class origins: shopkeepers, journeymen, self-employed artisans, clerks and other petty bourgeois workers. Mutualism was committed to solidarism and self-help and rejected charity and patronage, which prevented its cooptation by political elites, despite repeated efforts by Napoleon III during the Second Empire (Dutton 2002:40-41). However, it also meant that mutual-aid societies, adhering to the doctrine of voluntary social protection, were not interested in providing services as a public good and were more than willing to reject applicants as unsafe risks or perceived as likely to place excessive costs on the society, such as women, immigrants and the chronically ill (Dutton 2002:43). The absence of such a universalist orientation and the willingness of the mutualist movement to collaborate with the bourgeois state marked the divide between mutual societies and labour unions during the 1900s. This began to change, however, during and after the war, as mutual aid societies took on the responsibility of caring for the displaced and disabled. State subsidies began to be allocated to mutual-aid societies in order to help them with the resettlement and assistance of refugees and veterans (Dutton 2002:46). This entailed that mutual-aid societies,
which before the war saw themselves as private and voluntary associations, acquired in the post-war years a public function.

An additional source of welfare services came out of employers’ efforts to appease labour unrest. During the wartime, business associations from the powerful metallurgical sector pushed for the creation of the Groupe des Industries de la Région Parisienne (GIRP) to face the labour unrest that swept the country from the final year of the war until 1920. In particular, the Union des industries métallurgiques et minières (UIMM) and the Comité des Forges, which we have already encountered as members of the Comité central d’études et de défense fiscal that opposed progressive taxation, took a leadership position in coordinating business interests to face the threat of class warfare through the GIRP. One of their triumphs was to work with the government to promulgate the *salaire vital* in order to address workers demands at the least cost for employers (Dutton 2002:16). The *salaire vital* was thus a strategy to fragment working class solidarity by dividing the wage into four constituent parts: one defined by the base wage, one defined by merit and productivity, one defined by the cost-of-living, and one defined by a family allowance (Dutton 2002:16). Through this strategy, employers could provide selective wage increases that would otherwise be precluded by the principle of “equal work, equal pay”.

The *salaire vital* served as the basis for the expansion of family allowances during the post-war years as an overt strategy to divide and control the labour discontent that became worrisome during 1917-1919. The strategy was to progressively increase the part of the wage based on the number of dependent children that a worker had. This measure gained broad acceptance, not only because several workers duplicated and triplicated their income but also because public opinion was generally supportive of pro-natalism after the demographic disaster left behind by the war (Dutton 2002:22; Nord 2010:52; Kaufmann 2013:154). Nevertheless,
family allowances generated perverse incentives that triggered a coordination problem among employers. Employing men with children was more expensive, which meant that either firms would begin to hire more women and single men that were cheaper than fathers, something that went against the purposes of pro-natalism, or firms in regions with higher fertility rates would find themselves at a competitive disadvantage produced by higher labour costs (Dutton 2002:21). The solution was the creation of *caisses the compensation*, that is, common funds where employers of a particular region or sector could equalize the costs of their personnel’s children. This strategy was very successful, not only to assuage labour unrest in the late 1910s, but also to preclude efforts by the state to impose obligatory family allowances that would be costlier and, potentially, no longer under the direct administration of employers. By the end of the 1920s, the *caisses d’allocations familiales* covered over 4 million wage earners (Nord 2010:52).

Indeed, these private schemes of welfare provision contributed to the fragmentation of labour organizations after 1919. On the one hand, the FNMF, at the head of thousands of mutual-aid societies, adopted an ideological view of solidarism that understood social insurance as a matter of *prévoyance* (prevision) and self-help, and insisted on maintaining its independence from state mandates. Similarly, Catholic workers organized through the CFTC saw welfare policies as part of pro-natalist and pro-family priorities. Consequently, the CFTC supported employers’ family allowances.

On the other hand, the socialist and communist unions were critical of these schemes. The communist confederation, the CGTU, openly expressed its hostility to all of them, arguing that they were distractions from the main objective of the labour movement, which should focus on wage increases in the short-term and the abolition of the bourgeois state in the long-run. The socialist union, the CGT, adopted a more ambivalent position regarding mutual-aid societies and
family allowances after the war. Rather than opposing them *tout-court*, the CGT sought to make their coverage universal. The CGT supported efforts by the state to create a general social insurance law that would establish an obligatory system encompassing the risks of illness, maternity, death, invalidity and old age for workers in industry, commerce and agriculture. It also actively lobbied for the integration of family allowances into that project.

The governments of the 1920s were happy to go along with the private schemes of welfare provision since they addressed several pressing problems at the same time. They pacified labor unrest by improving the living conditions of many workers, thus making it possible to expand public revenue through a widespread sales tax. Additionally, they provided welfare services without increasing public expenditures, so that the 1926 austerity measures could be implemented. Finally, the pro-natalist bent of some of these plans was aligned with another important concern for French authorities: the decreasing demographic trends that questioned the ability of the state to mobilize enough manpower in case of another European conflict.

However, these could only be temporary solutions to the question of social security, especially since already in 1919 three factors made imperative the need to develop a universal state-mandated system of social security. First, the war left behind more than three million wounded veterans and hundreds of thousands of widows that demanded the state to fulfill the promises made to the troops regarding postwar labour standards and worker protections (Rosanvallon in Descimon and Le Goff 1989:544). Second, the intensification of union protests of 1917-1919 and the emergence of the radical CGTU in 1920 intensified the threat of class warfare, which the schemes of family and mutualist welfare were containing in a very precarious way. Third, the territories recovered from Germany already enjoyed since the 1880s a Bismarckian compulsory system of social protection, which posed the need to standardize social
policy with the rest of the territory (Rosanvallon in Descimon and Le Goff 1989:545-546; Dutton 2002:46-47).

From 1921, with the Vincent Bill, to 1928, when the first law of social insurance was finally passed, parliament negotiated with societal actors the details of a state-mandated system of social security: what risks would be covered? How would it be financed? How would it be administered? Who would have access to its benefits? As it became clear that the state would sooner or later take over the services developed by the employers and mutual-aid societies, societal actors developed different strategies to try to gain control over those efforts. Employers initially tried to preempt the creation of mandatory social insurance by creating their employer-controlled regime of social protection, expanding the caisses d’allocations familiales to provide other welfare services. The mutualist movement, under the leadership of the FNMF, supported the creation of a state-mandated system as long as mutual-aid societies could control the administration of social insurance at the local level. The division between labour unions meant that even though the CGT and the CFTC supported the project, they would initially fail to gain control over the administration of social security.

Therefore, as the Republic tried to centralize welfare provision during the 1930s, it had to negotiate the support and cooperation of societal actors from all political stripes. The Loi d’assurances sociales of 1928 and its reforms in 1930 and 1932, established a mandatory general regime of social insurance for all workers in industry and commerce, while also recognizing special regimes for certain occupational groups, such as miners (Rosanvallon in Descimon and Le Goff 1989:546). The new system included protections against illness, disability insurance, maternity benefits, and pensions after a retirement age. Social contributions represented 8% of the wage, with employers and workers contributing equal parts. The state only intervened with
funds in the cases of agricultural workers to complement social contributions that were set at 2% of the wage (Rosanvallon in Descimon and Le Goff 1989:546). The state remained in the background of the new system, not only financially but also administratively. Each worker could choose the caisse in charge of administering his contributions, which meant that that the decentralized logic of mutual-aid societies was maintained. Indeed, between 80 and 85% of the local caisses would continue to be managed by the mutual societies.

Additionally, the system also included the obligation of all employers to affiliate their workers in a caisse d’allocations familiales that would be in charge of the supply of family welfare. On this point, the question of burden-sharing amongst employers would remain the most contentious issue until 1945. Employers in regions and industries with lower fertility rates resisted attempts to create a national compensation fund where employers could equalize the costs of the family allowances. Moreover, employers more generally were only willing to accept such a national fund if they maintained control over it, since they saw family allowances as a tool to pacify labour through the distribution of benefits that amounted to selective incentives (Dutton 2002:185-189).

In sum, the new regime of social insurance, despite resulting from a decisive approach by the state to finally make welfare services mandatory to all workers, was built upon the close cooperation of state and societal actors. The strategy turned out to be very effective, since by 1935, the new system already covered 10 million employees (about 20% of the entire French population).

The new social insurance laws gave the state the attributions to standardize, expand and regulate welfare services. At the same time, it gave mutualist organizations, professional and employer associations, and labour unions, representation in state oversight boards and, in the
case of the agrarian syndicates, a high degree of autonomy to carry out their own social insurance programs (Dutton 2002:52; Kaufmann 2013:154). By integrating all of these actors into an institutional network that coordinated the delivery of public services, grass-roots mutualism, conservative interests, employers, and organized labour were all part of a system of reciprocal monitoring. Consequently, the expansion of the state would now face less resistance than in the past. This collaboration of societal actors in the expansion of welfare services finally marked the end of the 19th century ideal of the état-à-bon-marché.

During WWII, the Vichy regime unsuccessfully tried to reorganize social insurance along corporatist lines. The close relationship between Vichy and the grand patronat meant that the issue of family allowances would remain virtually untouched, maintaining the employer-controlled administrative structure of parochial caisses (Dutton 2002:189). Vichy heavily repressed unions, especially the now re-unified CGT and the CFTC, and the new Labour Charter proposed to replace them with “social committees”, that is, state-sanctioned organizations for worker and employer representation without the right to strike. These social committees not only regulated labour relations but were also in charge of the delivery of social protections and assistance.

After WWII, efforts led by former members of the Resistance and the exile government tried to reform the social security regime, following the model of the Beveridge Report in Great Britain (Kaufmann 2013:158). The participation of the CGT and CFTC in the fight against Vichy gave them significant influence over the drafting of the social reforms, while the collaboration between the patronat and the FNMF with Vichy weakened them once the war was over. As a result, the goal of the Provisional Government was to create a social security system that protected the entire population against standard risks in a single system.
However, once again, the interaction between state and societal actors would push those efforts in a different direction, preventing the complete centralization of welfare services in the hands of the government. Occupational groups mobilized to demand higher levels of coverage and to resist a centralized and uniform system. Agricultural interests, which had maintained their differentiated position regarding social security during Vichy, also managed to maintain their autonomy in the administration of social insurance and family welfare in 1945 (Dutton 2002:213). The weakened business associations could not resist the nationalization of their caisses of family allowances, but pro-natalist Catholic organizations, supported by the Union pour un Mouvement Républicain Populaire (MRP), the Christian-democratic party of the post-war years with proper résistance credentials, opposed the integration of the system of family allowances into the unified plan of social security. The CGT was the biggest beneficiary of the welfare reform. Even though the caisses of family allowances were not integrated into the unified social security system, employers lost control over them and instead they were put under the control of the unions (the CGT and the CFTC) (Dutton 2002:213). Similarly, despite the efforts to stop the reform of the mutualist network of social insurance, the FNMF lost control over the local caisses, and again the Provisional Government ordered the democratization of their governing boards giving unions the ability to take on the administration of the system of social security.

In the end, as a result of these societal pressures, the new system did not represent a fundamental rupture with the one established in the 1930s. A baseline level of social security (the régime général) was implemented, insuring around 80% of the population under uniform principles and standards (Kauffmann 2013:159). On top of this régime général, special schemes were offered to members of certain occupations, who would enjoy additional benefits: white-
collar employees, railway workers, civil servants, miners, the entire agricultural sector, and dozens of others (Rosanvallon in Descimon and Le Goff 1989:554; Kauffmann 2013:159). Administratively, the system was divided into four independent branches: health care, pensions, family welfare, and unemployment insurance. Each scheme was then managed by funds organized at the national, regional and local levels, which were autonomous from the state. These funds (caisses) were headed by governing boards that included representatives of employers and employees (at a ratio of 3-to-1 in favour of the workers), while state agents only had a limited supervisory role (tutelle) over their affairs (Palier 2000:116; Kaufmann 2013:160). Therefore, under this new welfare regime, the main role of the state was limited to deciding the level of benefits and contributions, subsidizing some of the caisses that faced financial difficulties and providing supplemental insurance in certain cases.

The extensive French welfare state was thus shaped by a series of compromises between state and societal actors. As a result, its coverage increased very rapidly. In 1953 only 25.3% of French citizens were outside the coverage of social security, by 1966 this number declined to 4.4% and in 1980 to 0.8%. What is even more revealing is that the vast majority of those who were not included into the system during those years were not because the state lacked the capability to reach them, but because they refused to be integrated into the welfare system (Rosanvallon in Descimon and Le Goff 1989:553).

6.3.3 The Consolidation of the French Model as the Expansion of the Social Contract

The two world wars were exogenous shocks that changed the relative bargaining power of state and societal actors, but did not transform the logic of state-society relations that had already been established in the last years of the 19th century. WWI empowered those societal
organizations that represented the popular classes (the CGT and the SFIO), since it was the popular classes who paid the “blood tax” of the war efforts, and, once the war was over, pushed the state to fulfill the promises that it had made to the troops. As a result, the period of labour unrest of 1917-1919 forced the hand of political and economic elites. The state, trapped in a fiscal crisis, could not do much to address the demands of labour. Therefore, it had to rely on the private efforts carried out by business associations and mutual-aid societies. These private schemes bought enough time to the state to carry out the fiscal reform that increased tax revenues and solved the budget deficit.

However, these could only be temporary solutions. They succeeded in fragmenting the labour movement by offering selective incentives to certain groups, but the impersonal structure of popular organizations—the CGT, the SFIO, the CGTU, and the CFTC—pushed them to continue to demand the expansion of social security as a universal public good. Consequently, by 1928, the law of social insurance created a state-mandated welfare system. As the state tried to implement this new model of social security, however, it found itself forced to negotiate with societal actors once again. These negotiations meant that the state would not centralize welfare provision or impose it authoritatively on civil society, but rather would coordinate societal actors to transform the existing schemes into non-excludable public services.

Similarly, WWII empowered certain actors (labour unions that were part of the Resistance) and weakened others (the mutualist movement and organized business who had found a cozy partnership with the Vichy regime), but did not transform the logic of state-society relations that was already established before the war. Even Pétain’s efforts to reorganize society along corporatist lines failed, as the repressed unions did not disintegrate under the new social committees, but instead became the backbone of the resistance. Again, as they came out
empowered from WWII, labour unions supported the Provisional Government’s program to reform social security and expand its benefits. More importantly, in the process, labour unions managed to break with the control that mutual societies had held during the 1930s over the social insurance funds and employers’ control over the family allocations. Instead, the new welfare system would democratize the administration of social security, giving societal organizations (mostly unions, but also employers and other groups) the ability to oversee how those resources were managed and allocated.

The main insight raised by the growth of the French social state during the first half of the 20th century is that the nature of state-society relations meant that politics became a positive-sum struggle over the definition of which public goods would be provided, rather than a competition to capture rents. The acquiescence of both business and labour to the sales tax increases of 1926 and the piecemeal construction of the welfare system are evidence of this. Moreover, the success in the expansion of public revenues and the almost universal coverage of welfare services demonstrate the ability of the state during these years to coordinate collective action in order to generate public goods. Significantly, this does not necessarily mean producing or administering those goods directly, but rather steering society in a direction that was conducive to their production.

Against the view of France in the 1930s as a time of “stalemate” and immobilisme, state-society relations gradually established during these difficult years the foundations of the social state. As the post-war governments took on an active role in the reconstruction of the country and in the direction of its economic development, societal resistance to the growth of the state was no longer what it had been at the turn of the 20th century. The reason why is not because the wars created a larger societal consensus about the general interest or reduced the ability or
willingness of civil society to resist centralization. As we saw, societal groups, including unions, professional associations, and religious groups, could resist centralization efforts of the government during and after the two world wars. Instead, as Nord’s quotation at the beginning of this section suggested, the growth of the state was the result of the integration of those societal actors into an institutional edifice that empowered them to monitor state actors, and to participate in the production and protection of public goods.

6.4 Mexico: Clientelism, Corporatism and the Distribution of Private Goods

The long-term differences between France and Mexico in the ability of the state to coordinate large-scale collective action are explained by differences in state-society relations at the time of popular incorporation. As we saw in the previous section, the inability of the French government to coopt business or labour interests during the interwar years meant that the only way to address the crises that threatened political order was to carry out short-term negotiations over pressing issues. These short-term solutions extracted in a piecemeal and incremental way contributions from societal actors to the production of public goods (i.e., the acquiescence of the turnover tax, the schemes of mutualist social insurance, and the family allocations). In the process, a new institutional architecture emerged, also in a very gradual manner, where societal actors gained the leverage to oversee the production, preservation and delivery of public goods.

Conversely, in the Mexican case, the ability of the central government to coopt labour gave it the strength to repeatedly overhaul the political system and to unilaterally pursue the production of public goods. However, as we will see below, these efforts recurrently failed due to the state’s chronic incapacity to solve coordination challenges. Instead, every time a crisis threatened the stability of the new regime, the solution was to refurbish the spoils system to
reallocate private goods and, if necessary, expand its coverage.\textsuperscript{101} The stability of the regime was thus based on coopting interest groups through two institutional channels: the tightly controlled elections, where societal interests were initially allowed to participate in the selection of official candidates (but lost this prerogative after 1946), and the corporatist system of interest representation, where the official organizations representing business and labour were consulted in the policy-making process.

As mentioned in previous chapters, the Mexican Revolution increased the relative bargaining power of the popular classes, but did not fundamentally transform the logic of state-society relations of the Porfiriato. Consequently, it did not imply the emergence of a social contract, but rather the renegotiation of the spoils system and its expansion to incorporate a larger portion of the population. Peasants, ranchers, journeymen, miners, and workers had represented the rank and file of all the revolutionary armies, including the triumphant Constitutionalists led by Venustiano Carranza. As the post-revolutionary leaders tried to re-establish political order, these groups continued to influence the reconstruction of the political system.

The type of organizations that the popular classes created to interact with the state were, however, very different from those that emerged in France, and this shaped the strategies that the political elites followed in the subsequent years to maintain order. The peasantry was linked to the fledgling state through the myriad clienteles of local strongmen that had led them during the conflict. As the revolutionary armies fragmented after 1915, the two factions with the more

\textsuperscript{101} Viviane Brachet (1994; 2014) has offered the most meticulous analysis to date of the ways in which the Mexican party-state recurrently renegotiated with organized labour the conditions of their support. Brachet describes this process through the concept of the “pact of domination”, which captures the coercively backed rules (formal and informal) that determine who gets what in a political system.
radicalized agrarian grievances, the Villistas in Chihuahua and the Zapatistas in Morelos, revolted against Carranza, facing heavy repression and ultimately the execution of their leaders. The Zapatistas continued to influence national politics during the 1920s through the creation of the Partido Nacional Agrarista (PNA), which voiced their demands for a more extensive agrarian reform, until its adhesion to the Partido Nacional Revolucionario (PNR) in the 1930s. This was the only major peasant organization at the national level during the first two decades that followed the armed conflict, empowered by its close relationship to Álvaro Obregón. The rest of the rural population was organized through local agrarian leagues and syndicates, most of which would also be integrated into the party-state of the 1930s under the Confederación Nacional Campesina (CNC), the peasant arm of the Partido Revolucionario Mexicano (PRM).

Organized labour also came out empowered from the revolution, even if unions and industrial workers played a minor part during the conflict. The Confederación Regional Obrera Mexicana (CROM) was created in 1918 and grouped together a large number of local and regional unions. By 1924, the CROM counted over a million adherents (Trejo Delarbe 1976:136). Even though its size, objectives and linkages to the international labour movement gave the CROM some impersonal features to spearhead the transformation of civil society, its power came from the personalistic connections between the strongmen of the small syndicates and the leadership controlled by Luis N. Morones, who in turn maintained a personal relationship with the new political elites. In the end, this logic of personalism meant that the CROM would also be folded into the spoils system that was being built during the 1920s.

The CROM supported Álvaro Obregón in his bid for the presidency and in the coup against Carranza in 1920, and became a key ally of Plutarco Elías Calles’s administration (1924-1928). This gave the strongest actor in the labour movement unprecedented political influence,
while also limiting its autonomy (and thus the possibility to play a monitoring role). The CROM controlled the Ministry of Industry, Commerce and Labour until 1928. All strikes needed to be approved by its leadership, which meant that any actions undertaken by competing labour groups were deemed illegal (Brachet 1994:65). It also created an electoral arm—the Partido Laborista Mexicano (PLM)—that was closely aligned to the political ambitions of Obregón and then Calles. The collaboration of the CROM and the regime during those years pushed forward the early efforts for the construction of a social security system and the expansion of labour rights. However, the personalistic subordination of the CROM to state actors weakened the labour movement in the long run, creating the conditions for its official cooptation as the party-state was established in the 1930s.

There were some alternative labour organizations during those years. The Confederación General del Trabajo (CGT), following the model of its French peer, was created around the same time as the CROM, closely connected to the Partido Comunista Mexicano (PCM) and endorsing an anarcho-syndicalist ideology that opposed cooperation with the state. The CGT found itself repeatedly on the wrong side of politics, supporting Adolfo de la Huerta’s rebellion against Obregón in 1923 and as a competing force to the CROM. As a result, the CGT and the communist party were some of the main targets of state repression and became very marginal actors.

The same feature that gave the CROM its strength during most of the 1920s—its inclusion as a subordinate partner of the ruling coalition—caused its decline after 1928, as its leadership lost influence in the politicking that started after Obregón’s assassination. By 1933, deserting CROM militants created a new organization, the Confederación General de Obreros y Campesinos Mexicanos (CGOCM). Through this new organization, the working class would be
once again a subordinate partner of the ruling coalition, contributing to the creation of the Confederación de Trabajadores Mexicanos (CTM). The CTM became then the monopolistic and official labour organization of the newly created PRM.

As we will see below, this pattern of labour incorporation pre-empted the emergence of an autonomous labour movement. The organized segments of the popular classes gained access to state-supplied privileges during the 1920s and 1930s by offering their support to the regime, perpetuating the logic of state-society relations around a patrimonial spoils system and renouncing the ability to monitor the behaviour of state actors. By definition, the spoils system operated through the distribution of excludable goods (rents, privileges and exemptions). This meant that the gains obtained by organized labour rarely reached the majority of the popular classes that remained outside of these organizations (landless peasants, the unemployed and self-employed, and the workers in the informal economy) (Brachet 1994:33-34).

Furthermore, once the cooptation of labour by the state was completed in 1946, it had the effect of strengthening the relative bargaining power of business interests. The absence of an autonomous labour movement gave big business unchecked leverage over the state, in exchange for its acquiescence and collaboration with the government’s concessions to its official unions. This became clear after the PRI regime abandoned most of its commitments to the popular classes in the 1940s to defend more closely the interests of organized business. In the aftermath, business interests would be a powerful force against the production of public goods: they would block the expansion of social security, limit public revenue by obtaining generous fiscal exemptions, and deplete public resources through privileged access to subsidized credits from the state-run development banks.
Over time, rather than the positive-sum dynamics that we observed in France, in Mexico the zero-sum logic of politics created a political system based on the allocation of private goods. As I show in the following two sections, the extremely low levels of taxation that the Mexican state collected during the 20th century resulted from its inability to coordinate a harmonized fiscal policy with local governments, and from the need to provide tax exemptions to private actors in order to maintain the stability of the regime. Similarly, the slow and precarious development of social security was the result of how it was used by the government to distribute political patronage.

6.4.1 Taxation

As discussed in Chapter 2, fiscal capacity in Mexico remained remarkably low throughout the 20th century. The challenge that the state faced to increase tax revenue, however, did not come from societal resistance to the creation of new taxes or raising tax rates, as it had been the case in France during most of the 19th century and the pre-war years. Instead, the very low tax yields were the result of the inability of state actors to implement policy in a uniform and effective manner. In other words, low tax revenues were not the choice of political elites but rather a symptom of weak state capacity.

Three factors were at the roots of the state’s fiscal weakness: (1) the need to accommodate multiple private interests to maintain their continued support to the regime through fiscal exceptions and privileges; (2) the inefficiencies of a patronage-based public administration at the federal, state, and municipal levels; and (3) the unwillingness of the population to endure private costs to finance the provision of public goods that were likely to be officially or unofficially privatized. These three factors, generated by the construction of the new regime as a
spoils system, affected tax revenues in two ways. First, they undermined the Mexican state’s efforts to centralize fiscal revenue and create a harmonized fiscal system conducted by the federal government. Second, they shaped the distribution of the tax burden by granting fiscal exemptions to actors that were essential to the maintenance of political stability—especially large businesses and the peasantry affiliated to the regime through the CNC. As a result of its inability to raise revenue through taxation, the Mexican state became reliant on non-tax revenues, namely public debt and the profits from the state-owned enterprises (SOE’s) (Aboites 2003:13). In what follows, I elaborate, first, on the process of fiscal authority centralization, and then on the distribution of the tax burden.

During the Porfiriato, federal tax revenues remained around 4% of GDP, and state and municipal taxes contributed an additional 2 to 3% (Díaz Cayeros 2006:36). The years of revolutionary conflict intensified the centrifugal forces that gave state governors full authority to raise taxes. After the revolution, public revenue was to a great extent defined by a flurry of idiosyncratic taxes on production that fragmented the national market.102 Local businesses frequently complained about how these local taxes amounted to domestic customs duties that hindered commerce (Aguilar 2001:374-375). These testimonies even used the term “alcabalas” to refer to the local taxes on production, in reference to the customs duties implemented by the

102 Using official data from the Ministry of Finance: Baja California, Aboites cites the following local taxes on industry and trade in 1933 on specific commodities and economic activities: Baja California: alcohol; Campeche: coconut, chewing gum, corn, tobacco, and wholesale retail; Coahuila: beer, wheat and livestock; Chiapas: tobacco; Chihuahua: retail; Distrito Federal: lard; Durango: corn and beans; Guerrero: coconut; Hidalgo: incoming merchandise to the state capital, Pachuca; Michoacán: livestock; Oaxaca: incoming merchandise to the cities; Puebla: incoming merchandise; Sinaloa: chickpeas; Sonora: film and retail; Veracruz: travel agencies; Yucatán: incoming merchandise; Zacatecas: corn, beans and chilli (Aboites 2001:376). Similarly, for 1940, he identifies 250 different taxes, 57 were federal, 131 were imposed by the states, and 62 by the municipalities.
Crown to regulate trade within the New Spain during the colonial period (Aboites 2001; 2003; Díaz Cayeros 2006:45).

In response, Alberto J. Pani, the federal secretary of the treasury, convened representatives of the state governments to the First National Tax Convention in 1925 in an attempt to harmonize fiscal policy by replacing those local taxes with a federal income tax and a general sales tax, leaving sub-national governments only in control of property taxes. In exchange for the lost revenue, the federal government would grant unconditional transfers to the state and local levels of government. The majority of the state delegations to the convention voted in favour of this proposal, but the federal congress voted it down a few months later (Díaz Cayeros 2006:47-48). According to Alberto Díaz Cayeros, the tax reform was not approved by congress because the largest and richest states, who gained the most from a de-centralized fiscal system, had a much larger representation in the legislature, whereas in the convention each state had one vote (Díaz Cayeros 2006:64).

The federal government convened a Second National Tax Convention in 1933 with the same objective. The issue had become even more complex by two additional elements. First, the agrarian policy of the regime that had distributed land through thousands of ejidos (state-owned communal rural property) had also made those lands exempt of all taxes on production, income and trade, and had imposed strict limits on property taxes which peasants ultimately refused to pay (Díaz Cayeros 2006:65). This eroded an important source of revenue for local governments. Second, the decentralized tax structure meant that the federal state harvested revenues from municipal and state governments through the “contribución federal”, which required them to transfer 25% of their revenues to the federal level (Díaz Cayeros 2006:65). The federal government then developed during the 1920s individual pacts with each state, offering
reductions of the *contribución federal* if they agreed to eliminate local taxes on industry, in an attempt to integrate the domestic market (Díaz Cayeros 2006:66). After many negotiations and changes in voting procedures, the convention passed a recommendation that, once again, would not be implemented (Díaz Cayeros 2006:71).

The Third National Tax Convention took place in 1947. By then, however, the political system had already undergone major transformations and the centralized party-state had secured its power. In 1946, the post-revolutionary regime experienced its last reorganization with the transformation of the PRM into the Partido Revolucionario Institucional (PRI). The creation of the PRI marked a change in the ideological commitments of the party, leaving behind the popular (if paternalistic) commitment to the demands of workers and peasants to adopt a more pro-business orientation (I elaborate more on this political shift below). Moreover, the transformations of 1946 further centralized power in the national party leadership. The labour and peasant confederations no longer had the ability to choose their own candidates to local offices, and lost their quotas of proportional representation to all offices. An electoral reform that same year, no longer gave state governments the attribution to organize elections (which had been a prerogative that allowed local strongmen to maintain their power), but the federal government was now in charge of organizing all electoral processes through the Secretary of the Interior (Molinar Horcasitas 1991; Torres Mejía 2001:168).

The centralization of political power after 1946 created the conditions for a new tax policy to be adopted after the Third National Tax Convention. The new tax regime centralized fiscal authority in the federal government, which acquired the exclusive competence to impose income taxes. Moreover, the federal government could finally establish a turnover tax (the same type of sales tax as the one used in France to solve the fiscal crisis of the 1920s)—the Impuesto
sobre ingresos mercantiles (ISIM)—and require the elimination of all local taxes on industry and trade. The federal government now also controlled all taxes related to foreign trade, natural resource extraction, financial services, and excises on selected commodities (Aboites 2003:200-201; Díaz Cayeros 2006:95-96). Local government would only maintain control over property taxes and some minor levies on services. The contribuciones federales were eliminated, and instead the national government financed sub-national governments through transfers of federal resources called participaciones.

The 1940s were thus a period of major changes in the fiscal structure of the state. The centralization of political power meant that local elites were now in a position to forego their sources of revenue in exchange for opportunities to build a successful career within the ranks of the party (Díaz Cayeros 2006:96-97). In this way, federalism was formally transformed into the geographical dimension of the Mexican spoils system through the participaciones. However, as we saw in Chapter 2, these transformations entailed negligible long-term growth in the tax ratio. Indeed, overcoming resistance for policy-making was no longer the main challenge, but rather implementing those policies.

The ISIM was established by Congress in 1948 as a federal sales tax with a 3% rate on every transaction; 1.8% would go to the federal government and 1.2% to the state government. As a modern indirect tax, it was expected to raise significant revenue by simplifying and facilitating tax collection, while contributing to the eradication of internal barriers to commerce, the integration of the domestic market, and the concentration of power in the national government at the expense of regional and local elites. Nevertheless, by 1970, fourteen states still refused to apply the new tax in their territories: Baja California, Coahuila, Chiapas, Chihuahua, Guanajuato, Jalisco, Mexico State, Nayarit, Nuevo León, Oaxaca, Sonora,
Tamaulipas, Veracruz and Zacatecas (Aboites 2001:366; 2003:313). In 1970, these states represented 61% of the country’s population and 71% of the country’s gross income, and included all the states in the US-Mexico border (Aboites 2001:366). This meant that the new tax, which was expected to become, with the income tax, the central source of tax revenues, was only levied on less than 30% of the national economy. Combined with the failures of the income tax that I describe below, this explains the extremely low levels of taxation in the country.

In other words, despite the centralization of power in the national executive by the party-state, its ability to actually coordinate collective action within the state machinery for the implementation of policy was extremely low. This was the result of the rent-seeking logic that maintained the stability of the regime. As mentioned before, actors were unwilling to contribute to the production of public goods if they believed that those resources would ultimately be used for the private benefit of others. This attitude towards tax collection not only applied to individual taxpayers, but also to local and state authorities who were unwilling to contribute to the expansion of federal tax revenues, since they had no mechanisms to influence and oversee the use of those contributions (Díaz Cayeros 2006:129-130).

Moreover, the zero-sum logic of political negotiations within a spoils system meant that agreements were not conducive to the generation of public goods. State governments during those years recognized that giving up their fiscal authority meant putting themselves entirely in a position of subordination to the national centre, without any institutional mechanisms to monitor the federal government and hold it accountable. On the contrary, the system of participaciones eliminated the relative bargaining power of regional actors. All the remaining states finally signed the agreements to implement the federal sales tax after 1970, not only thanks to increases in the ISIM (to 4%) and in the proportion allocated to local governments, but also in order to
gain access to the federal resources obtained from the oil boom. This entailed, however, the weakening of local governments during the rest of the 20th century, as they became entirely dependent on the federal government.

In addition to the inability of the state to coordinate the application of fiscal policy across different levels of government, the very low tax yields were the result of the ways in which the state was forced to distribute the tax burden in order to maintain the stability of the regime. Two groups were particularly benefited by the ad hoc distribution of the fiscal burden: big business and the peasantry that acquired land through the agrarian reform. On the other hand, the groups that carried the tax burden were the urban middle classes, especially salaried employees in the formal economy (Aboites 2003:53, 152).

Big industrial conglomerates were the main beneficiaries of the post-revolutionary fiscal system. As Stephen Haber has noted, even though the revolution attacked the landed upper classes, many of the large industrial-financial conglomerates of the Porfiriato survived during the revolutionary years and into the new regime (Haber 1989). Business organizations immediately emerged after the revolution to protect those interests. Most of the associations created before 1940 adopted a very strong anti-statist position, most importantly the Confederación de Cámaras Nacionales de Comercio (CONCANACO) in 1917, the Confederación de Cámaras de

Even though the policies that I discuss below were mostly aimed at benefiting the industrial sector, the structure of the Mexican economy during the 20th century meant that other economic activities also benefited from those privileges. Economic policy from 1940 to 1970 favoured industry for political and ideological reasons. Under Import-Substitution Model that was implemented, the main goal was to achieve the rapid industrialization of the country. Moreover, one of the pillars of political support for the new regime came from unionized, urban, industrial workers, and thus the PRI needed to maintain a growing industrial base in order to remain in power (Calomiris and Haber 2014:363). Nevertheless, the economic structure of the country during the 1920s continued to be dominated by large, family-owned, diversified business groups that included industrial firms, but also financial services and often mining and agribusiness (see Haber 1989; Haber, Maurer, and Razo 2003; Schneider 2013).
Industriales (CONCAMIN) in 1918, and the Confederación Patronal de la República Mexicana (COPARMEX) in 1929, which grouped the large conglomerates that had flourished under Porfirio Díaz’s regime (Cypher 1990:85). These organizations would be the main actors that resisted the expansion of fiscal and welfare policy from 1920 to 1940, especially restricting taxes on wealth and capital.

Even before the creation of the ISIM in the 1940s, the state tried to establish a modern fiscal system through the introduction of a modern income tax in the early 1920s. Whereas the creation of the income tax had taken decades in England, the United States and France, in Mexico it was created by presidential decree in 1924 (Aboites 2003:152). Immediately, business organizations and the conservative press criticized the new tax for several reasons. They distrusted the bureaucracy that was widely perceived as corrupt and incapable of handling the new revenues. At the same time, they were sceptical of the ability of the state to collect the tax in a fair and uniform manner, and worried instead that only a handful of taxpayers (middle-class employees) would end up carrying its entire burden. The chambers of commerce and industry complained about the intrusion into the private accounts of firms required by the tax. Others complained that the income tax had been established without eliminating any other taxes, making the burden excessive. Finally, members of the chamber of commerce accused the new tax of taking steps towards the socialization of wealth and abandoning the sound individualistic principles of 19th century liberalism (Aboites 2003:134-136). Despite this resistance, the federal government pushed forward and the income tax was part of the budget legislation of 1925. Obregón’s administration had been strong enough to overcome business resistance and impose
the new tax. Again, the more serious difficulties would come not from the policy-making process but from the coordination challenges posed by implementing the new tax.\(^{104}\)

During the next five years, the importance of the income tax to public revenues rapidly increased. From 1924 to 1927, it went from representing 0.9% to 6% of total federal revenue, and it was expected to soon reach 30% to 35% of public revenue (Aboites 2003:148). Indeed, by 1970, direct taxation represented around 40% of total tax revenue, but this barely meant 3.5% of GDP (see chapter 2, also Navarrete 1973:51). By that year, the Mexican state had been able to completely reform the structure of its tax revenues and modernize the fiscal system by substituting the hundreds of municipal and state taxes on industry and trade with two major income and sales taxes. Nevertheless, the Mexican state faced insurmountable challenges to make those modern taxes raise enough revenue. We have already discussed the limitations of the ISIM during these years and how they resulted from the inability of the federal government to coordinate tax policy with the sub-national governments, we now turn to the limitations of the income tax.

The cause for the low tax yields will be found in how the arbitrary and personalistic negotiation of tax rates between the Ministry of Finance and private interests would increasingly concentrate the tax burden on those groups who could be easily disciplined (organized labour) or who were outside of the governing coalition and thus were not deemed essential for the stability of the regime (the urban lower middle classes). For example, Aboites cites two cases of ministers

\(^{104}\) In 1925, the income tax (Impuesto sobre la renta, ISR) was reformed. The new decree established seven different tax brackets concerning (1) commerce, (2) industry, (3) agriculture, (4) credit, (5) concessions of sub-soil resources (mining and oil), (6) wages and salaries; and (7) liberal professions and artisans (Aboites 2003:146). The new tax excluded the obligation from the lowest incomes and offered some deductions to productive investments. Each bracket had a different range to calculate the tax rates to be paid.
of finance in the early 1930s who directly negotiated tax rates, deductions and exemptions with private firms (Aboites 2003:150-151). However, what was done informally in the 1930s, by the 1940s had become the official procedure to implement fiscal policy.

In 1938 the nationalization of the oil sector marked a turning point in the political orientation of the post-revolutionary state. As mentioned in previous chapters, oil expropriation did not result from a voluntaristic attempt by the Cárdenas administration to capture a source of easy resources, but rather was the unintended consequence of the labour conflict between oil workers and the foreign companies that ultimately pushed Cárdenas to intervene. Before the oil boom of the 1970s, oil rents were not a major source of revenue. However, the events of 1938 had a major effect on the relationship between business interests and the party-state, since they seemed to presage a radical turn to the left that business was no longer willing to accept.

As the presidential elections of 1940 approached, important segments of the business community, especially the old conglomerates based in Monterrey, began to support an opposition candidate Juan Andreu Almazán. In response, the PRM started to make concessions. Cárdenas delayed the expansion of social security for workers in the private sector. Most importantly, he was forced to choose a much more conservative candidate to run for the incumbent party, Manuel Ávila Camacho, who immediately promised that his administration would discipline labour and protect business interests. In a famous speech in July 1939, Ávila Camacho claimed that:

…the syndical organizations, the working class masses of the country, will know how to respond to the lessons of past experience and will know how to lead their way with a steady pace […] I will be responsible, if I win this election, of making sure that the
behaviour and goal of syndical organizations will be a source of confidence for all the productive forces in the nation (cited in Contreras 1980:155-156, my translation).

Through these veiled words of paternalistic care for organized labour, Ávila Camacho promised business elites that his administration would move away from the more leftist politics of his predecessor. After winning the elections, which were marked by violence and widespread fraud, Ávila Camacho was true to his word. He launched the reorganization of the PRM and its transformation into the PRI in 1946, which removed the political power that corporatist organizations had within the party and centralized control in the President. In exchange, as discussed below, he finally expanded social security to unionized workers in the private sector. Moreover, from the beginning of his administration, Ávila Camacho changed the relationship between the state and business interests. During his administration, business conglomerates made some of the most important gains of the 20th century: a protectionist trade policy that raised tariffs and gave the state full control of import licensing, extensive fiscal exemptions for those businesses deemed “new” and “necessary” in the industrialization efforts, and privileged access to subsidized credit from the state’s development banks (Cypher 1990:49-54; Valdés Ugalde 1997:124-134; Calomiris and Haber 2014:362-364). Moreover, it declared the CONCAMIN and CONCANACO “organizations of public interest” and thus gave them consultative attributions that implied privileged influence over fiscal, industrial, trade, and welfare policy (Valdés Ugalde 1997:131). Finally, Ávila Camacho fostered the emergence of a new business association in 1941, the Cámara Nacional de la Industria de la Transformación (CANACINTRA), which empowered a new set of industrialists (not the large agro-financial-industrial conglomerates grouped under the COPARMEX) who would be the regime’s allies in the private sector in its
industrialization efforts (Cypher 1990:47-48; Valdés Ugalde 1997:131-132). Even though the CANACINTRA would at times be at odds with the more laissez-faire position of the COPARMEX, both sets of interests would ultimately benefit from the economic policies of the 1940s to the 1970s (Valdés Ugalde 1997:126-127).

In 1941, the Manufacturing Industries Law (Ley de Industrias de la Transformación) established the foundations for this privileged treatment to business interests. The new law specified the fiscal exemptions that private firms who supported the regime’s industrialization efforts would obtain. “New” industries—those that manufactured products that were not at the time produced in the country—and “necessary” industries—those that manufactured products that were undersupplied by the domestic market—were eligible to be exempt of import licensing fees, income taxes and other quotas and levies for up to ten years. This meant that between 1940 and 1950, 68% of the entire manufacturing capital in the country did not have to pay full taxes on their operations (Cypher 1990:53). Furthermore, this allocation of fiscal privileges was not only part of the industrial policy of the new regime, but since the Secretary of the Economy and the Secretary of Finance determined on a case-by-case basis the eligibility and extent of the exemptions, these gave significant discretion to the administration to use fiscal policy as one of its tools to negotiate the support of individual firms. As business’s relative bargaining power increased during the subsequent years, if continued to resist taxation, as it became clear in its opposition to increases in the income tax during the Third National Tax Convention of 1947, and

105 The “older” capitalists had built their business groups during the Porfiriato, largely in economic sectors connected to agriculture and mining, but then expanding into breweries, foodstuffs, textiles, steel, soap, shoes and tobacco. On the other hand, the “newer” capitalists of the 1940s were focused on manufacturing, especially in the chemical and metallurgical sectors (Valdés Ugalde 1997:127; Haber 1989:44-62).
again during the attempts to raise the income tax by Adolfo Ruiz Cortines’s administration in the 1950s. Consequently, the state was forced to rely public debt to finance its activities (Cypher 1990:61).

Big business was not only able to avoid taxation but it was also able to actively capture public resources to generate rents. The contraction of private credit in the years that followed the revolution caused a scarcity of capital for the industrialization efforts of the new regime and, crucially, for the maintenance of employment levels for the unionized workers (Calomiris and Haber 2014:363). At the beginning of the 20th century, private commercial and investment banks were often part of the large industrial conglomerates that dominated the Mexican economy. These banks served as a way to raise capital in order to finance the other branches of the conglomerates. For this reason, private credit, scarce given the political instability of the first decades after the revolution and the Great Depression of 1929, was also unavailable for newcomers to the oligopolistic markets controlled by those powerful conglomerates (Cypher 1990:51-52; Calomiris and Haber 363-364).

In response to these needs, the state created development banks from the 1920s to the 1940s, with the initial goal to provide credit to the peasantry, and, after 1940, to the “new” and “necessary” industries in the strategic manufacturing sectors. These development banks operated by offering direct loans at lower interest rates, as well as through an indirect strategy whereby the government forced private banks to allocate 60% of their loans to strategic sectors, and then the development bank repurchased those loans to absorb the risk (Calomiris and Haber 2014:364).

The most important of the development banks, Nacional Financiera (NAFINSA), was created in 1934, and sparked the opposition of the large business groups who worried about the
entry of new competitors (Cypher 1990:42, 49-53). NAFINSA’s transformation between 1934 and 1947 is telling of the increasing clout that big business held over the state. Even though the priority of NAFINSA during these years was to create the SOE’s that were expected to drive the industrialization of the country, it also granted long-term capital to the private sector (Cypher 1990:51-52; Del Angel-Mobarak 2003:296; Calomiris and Haber 2014:364). From 1940 to 1947, NAFINSA openly financed industrial production, trying to promote the production of intermediate and capital goods and build the foundations for a domestic industrial base (Cypher 1990:49-50). After 1947, it took a different approach, focusing on the development of productive infrastructure and heavy industry that did not compete with the existing firms in the private sector. After the reforms of 1947 the most common beneficiaries of those credits were no longer the small- and medium-sized enterprises, but were once again the large conglomerates who had the capacity to enter into heavy industry and construction (Calomiris and Haber 2014:364-365).

Since NAFINSA made the loans against shares of the borrowing firms as collateral, when these companies went bankrupt—as was often the case—the state then absorbed their assets “to save jobs and because the company was considered important for economic development” (Cárdenas 2000:190). This was one of the reasons why the size of the Mexican state rapidly increased during those years.\footnote{Examples of private firms that had been financed by NAFINSA and then bailed out when they faced bankruptcy included Altos Hornos de México and Siderúrgica Nacional (steel mills), Compañía Industrial de Atenquique and Fábrica de Papel Tuxtepec (paper producers), Ayotla Textil and Operadora Textil (textiles factories), Ingenio Rosales and ingenio Independencia (sugar mills), Chapas Triplay and Maderas Industrializadas de Quintana Roo (wood mills), and Refrigeradora del Noroeste (fish packaging plant) (Cárdenas in Cárdenas, Ocampo, and Thorp 2000:202fn19; also see Blair in Vernon 1964:194: Bennett & Sharpe in Weinert and Hewlett 1982:182-184).}

The extent of the involvement of the development banks on the economy during this period was enormous. In the 1940s, NAFINSA owned or financed 30% of the entire...
manufacturing capital, which meant that many of the industrial firms that benefited from the tax exemptions also enjoyed the inflow of cheap long-term credit that came with the implicit promise of state bailouts at taxpayer expense in case of failure (Bennett and Sharpe in Weinert and Hewlett 1982:184; Cypher 1990:53). This relationship between big business and political elites not only led to the weakness of public finances and the problem of public debt the began in the 1970s, but it also created the trends towards oligopolistic and monopolistic markets that characterized the Mexican economy by the turn of the 21st century (Cypher 1990:52; Schneider 2013).

These fiscal exemptions and state subsidies were the result of the influence that business organizations obtained over the policy-making process. Business interests had access to the administration through various formal and informal channels, such as the Consejo Consultivo de Política Económica y Fiscal, created in the late 1940s, and the Consejo de Fomento y Coordinación de la Producción Nacional created in 1953. The latter Consejo de Fomento y Coordinación “was a prime conduit carrying the chambers’ views on a host of issues—tax policy, foreign investment policy, tariff policy, support to basic industries, and so on—into the highest policymaking circle of the state” (Cypher 1990:61; also see Navarrete 1973:49; Valdés Ugalde 1997:124; Cypher 1990:85-86fn3; Aboites 2003:301).

As mentioned before, although organized business was a major player in national politics during the 1920s and 1930s, it became a dominant partner in the governing coalition during the 1940s. The reason was, partly, the danger that organized business posed to the party-state when it threatened to support an opposition candidate, as it occurred in 1939. Additionally, as the spoils system congealed, organized business also gained power over the state since its collaboration was necessary to maintain the support of unionized labour.
Ávila Camacho’s strategy to reorganize a new group of industrialists through CANACINTRA in order to divide the business community was partially successful and only in the short-term. In 1945, the CANACINTRA antagonized the old business interests organized under the COPARMEX by allying with the CTM (the official labour union) through the Pacto Obrero-Industrial (Worker-Industrial Pact). The most important success of the pact was to instil in these businesses the responsibility to contribute to the developmental agenda of the regime, which included collaborating to meet the employment commitments to workers from the state-sanctioned unions. In exchange, these firms not only enjoyed the benefits of tax exemptions and subsidized credit, but also secured a disciplined labour force. In the aftermath of the pact, the state would increasingly resolve strikes in favour of employers, to the point that during Miguel Alemán’s administration the state resolved almost 90% of the time in favour of employers (Pozas Horcasitas 1993:66). After 1960, however, the divide between the “older” groups of capital and the “newer” ones began to blur, especially as the older industries began to win ground over the newer sectors and the state had to increasingly concede to their demands (Cypher 1990:48; Valdés Ugalde 1997:139).

Therefore, the puzzle is not about why the state granted so many privileges to business interests, but rather why the popular classes accepted this state of affairs from a regime that they had contributed to create. As in the French case, organized labour would accept an extremely regressive fiscal policy because the state was able to appease its demands through other means. However, contrary to France, the Mexican state would not do this through the expansion of public goods in the form of a generous welfare system, but rather through the allocation of selective incentives to key constituencies: the peasants and workers organized through the state-
sanctioned confederations. This strategy further contributed to the long-term erosion of public goods and helped to consolidate the spoils system.

The peasantry had been appeased through the massive agrarian reform of 1936, which redistributed more land than all the preceding administrations together. The redistributed land, which by the 1990s covered 50% of all the arable land in the country, was granted to the peasantry in the form of ejidos, that is, communal or semi-communal farms that peasants could not sell or rent. In addition to the land, the state provided technical assistance, equipment and infrastructure, credit, and subsidized purchases of their crops. Additionally, ejidos were exempt of all taxes, with the exception of certain fees in the form of property levies that were to be used for local public works and services. Local governments did not always comply with this measure and tried to extort revenue from the ejidatarios through various means (Aboites 2003:230-239). This entailed the worst of both worlds for public finances, since very little could be extracted in this way and whatever was obtained disappeared in the hands of tax collectors and local authorities.

In 1938, when the CNC (the peasant arm of the PRM) was created, all the ejidatarios were immediately incorporated as members, since it was through the CNC that they could gain access to the state-run services. Moreover, by the 1940s when the turn in the political orientation of the regime took place, a generational change had already occurred among the heirs of the revolution. The old military strongmen that had led the peasantry during the revolutionary years were leaving the stage. This marked the end of the period of rebellious attempts by disaffected revolutionaries (Garciadiego 2010). As a new generation of party cadres, with a civilian background and a moderate ideology, took up the leadership positions in the PRI, the only organizational resource available to the rural populations was through the agrarian leagues
connected to the CNC. This implied that organized peasants were no longer related to the state as citizens or even as taxpayers, but only as clients. From this subordinate position, even when the PRI gradually abandoned its agrarian program of the 1930s and instead invested heavily on agri-business after World War II, it could still count with the active support of a large portion of the rural population (Cypher 1990:43; Valdés Ugalde 1997:127).

The case of unionized workers was a bit different, since there was no mechanism akin to agrarian reform to bring them together and ensure their allegiance to the regime. Instead, the support of industrial workers and public sector employees was obtained through two practices. The first one was the expansionary industrial policy of the 1940s to 1970, whereby SOE’s and “strategic” private industries were financed by the state in order to maintain large payrolls of unionized workers. The second practice was the development of social security exclusively for these groups, which I discuss in more detail in the next section.

Before moving on to the discussion of social security, it is worth stopping for a moment to recapitulate the reasons mentioned in this section to explain the extremely low taxation levels of this period. Between 1940 and 1970, the largest industries (around 68% of the total manufacturing sector) enjoyed fiscal privileges regarding income taxes, import fees, and other levies on production. At least 50% of the agricultural land was exempt of all taxes and most of the times ejidatarios also refused to pay the property fees. State governors in 14 states, representing over 70% of the national economy, refused during the entire period to implement the federal sales tax and insisted on financing themselves through a flurry of ineffective local

\[\text{107} \] There were of course cases of autonomous peasant leagues that refused to join the CNC and the party structure, but they were extremely parochial and their influence was minimal, especially since they could not offer the same benefits that the CNC promised.
taxes on industry trade. These local taxes, even if they provided a lower yield, local authorities could at least control and dispose at their will. Together, all of these factors meant that the tax burden was concentrated in certain groups—urban employees and small businesses who paid the brunt of the income tax (Navarrete 1973:52; Aboites 2003:53). Therefore, the combination of a regressive and unfair distribution of taxation with the privatization of public resources through legal (the development banks) or illegal (the ad hoc negotiations between public servants and private actors) means, generated the widespread perception of a corrupt political system, further alienating taxpayers and increasing tax evasion.

6.4.2 Welfare

Under the financial constraints produced by extremely low tax revenues, the construction of a generous and universal welfare state was at best unrealistic. Instead, the post-revolutionary regime used social security as a source of selective incentives to discipline the urban popular classes. The strategy was to create a two-tiered labour market, where unionized employees gained a number of benefits (healthcare, subsidized housing, illness, accident and life insurance, vocational training, subsidized grocery stores, among other perks), but not the rest of the population. Under these conditions, the state could finance a very limited supply of welfare services, since the unionized population represented, at its peak, less than 15% of the labour force or about 1.5 million workers (Pozas Horcasitas 1993:66). The corporatist structure of the party-state made it possible to maintain this arrangement, since it could control from the top the state-sanctioned unions and use its coercive apparatus to repress competing popular organizations. Furthermore, the PRI regime frequently staged public demonstrations of support using its contingents of workers and peasants to overawe adversaries. In what follows, I describe
how social security was the tool that the PRI could use to maintain political order when sectors of the popular classes demanded their inclusion into the spoils system.

Article 123 of the 1917 constitution established a robust set of labour rights, which included compensation for work-related accidents and illness, profit-sharing, and salary compensation in case of lay-offs. Article 123 also established boards of conciliation and arbitration as the competent authorities to solve labour conflicts, and encouraged the creation of cooperatives and mutual-aid societies to deliver social insurance and assistance. The first attempts to pass social insurance legislation by the post-revolutionary government took place in 1925, during Álvaro Obregón’s administration, but faced strong resistance from organized business through the CONCAMIN and the CONCANACO (Dion 2010:56-57). During the early 1920s, pressures from government employees in the telegraph offices, the treasury, as well as public school teachers, began to intensify due to the delays in their payments.108 The public teachers from Veracruz were a particularly important contingent of these early demonstrations, since they were affiliated to the CROM, which was at the time a close ally of President Calles (Dion 2010:60).109 Calles’s response was to offer, by decree, pensions to a very narrow group of federal government employees. The pensions law of 1925 thus excluded employees at the municipal and state levels of government and federal legislators (Dion 2010:60). It was clearly an attempt by Calles to consolidate the support of those groups that were directly under his

108 Note that education policy was a central priority of the new regime, as discussed in Chapter 2, since it was seen as an essential component of the nation-building efforts after the revolution.
109 Significantly, the public teachers from Veracruz that spearheaded these strikes were led by Vicente Lombardo Toledano, who would become one of the most important labour leaders of the century and would be instrumental to the creation of the CTM (Dion 2010:60)
control through the federal administration and his personal relationship to the CROM leader, Luis N. Morones.

From 1925 until 1943, very little progress was made in relation to social security. This is quite revealing given that these years coincided with the creation of the Labour Code (1931) that began to tie together the party-state with organized labour, and with Lázaro Cárdenas tenure, the most left-leaning administration of the post-revolutionary period. The main explanation for the lack of progress was the ability of organized business to resist the expansion of social security. In 1929 the COPARMEX was created in order to oppose any radical changes in social insurance in the new labour legislation (Brachet 1994:68). Consequently, the Labor Code did little more than to encourage employers to provide insurance against accidents and illnesses either through direct compensation or through private insurance companies (Dion 2010:58).

Cárdenas took power in 1934 with, among other promises, a pledge to establish social security for private sector workers. The proposal offered the creation of an autonomous institute that would handle social contributions from employers, workers and the state, and would offer industrial and agricultural workers a relatively generous number of services: old-age and disability pensions, illness and accident insurance, and health and maternity care (Dion 2010:65). However, the nationalization of oil in 1938, where Cárdenas had very openly sided with workers against foreign firms, triggered a much more assertive repudiation of business interests and threatened the continuity of the regime in the 1940 elections. Cárdenas thus stopped any attempts to push forward social insurance legislation during the rest of his mandate (Dion 2010:67-68).

Social security legislation had then to wait until 1943, once the regime had secured its alliance with business interests and had tightened its control over the popular organizations through the PRM. Working closely with the CTM, President Ávila Camacho created a
“Technical Commission” to draft new social reforms. The new legislation came, however, in exchange for further tightening the control of the state over the labour movement, as it passed in 1941 reforms to the Labour Code that imposed official requirements on strikes and gave the state the attribution to sanction strikes that did not follow those procedures (Dion 2010:70). The law, passed in 1943, created the Instituto Mexicano del Seguro Social (IMSS) as an autonomous institute to administer social insurance, which would be financed through tri-partite social contributions representing 12% of workers’ wage (6% paid by the employer and 3% paid by the worker and the state). The law only applied, initially, to unionized industrial workers in Mexico City, but the President could expand its coverage to other groups. The new institute would be directed by representatives of labour, employers and the state (Dion 2010:72).

Therefore, when look at the context in which the social security system was established, we see that it was embedded in a series of efforts by the state to reorganize labour, increasing organizational repression against independent unions (with the heightened regulation of strikes in 1941) and expanding its control over the corporatist organizations (through the reorganization of the party in 1946). Moreover, the creation of social security also coincided with the reconfiguration of state-business relations, with the Manufacturing Industries Law of 1941, which gave fiscal exemptions to new and necessary industries; the creation of CANACINTRA, which organized the new industrialists that were close to the regime; the consolidation of NAFINSA and the development banks in the state-led model of industrialization; and the Worker-Industry Pact that tied together the fates of the new business elite with the state-sanctioned union. In other words, it was during the 1940s that the post-revolutionary spoils system finally accommodated the demands of all the actors whose support was necessary to maintain the stability of the regime.
These events also highlight the zero-sum logic of state-society relations. The very limited supply of social security to CTM industrial workers in Mexico City responded less to the programmatic demands of the labour movement, as much as to the immediate concerns of the CTM leadership, which at the time faced a crisis of internal fragmentation, ideological schisms, and the emergence of competing labour organizations. The law on social security helped the CTM leadership under Fidel Velásquez to secure its control over the labour movement, even if this came at the expense of the autonomy of labour and even its ability to obtain more benefits in the long run (Pozas Horcasitas 1992:42). Business organizations, on the other hand, reluctantly accepted the law on social security because they saw it as part of a larger process whereby labour would be appeased, and business interests would gain significant leverage over the state.

Under these conditions, the expansion of social security would progress at a very small pace, and be characterized by a patchwork of special schemes that generated inequalities and stratified society (Dion 2010:115). In 1946, the social security system covered 246,537 workers, that is, 3 to 4% of the active labour force (or about 0.9 to 1.24% of the total population). By 1958, the number of workers with social insurance had increased to 899,504, which represented about 2.6% of the total population (Pozas Horcasitas 1993:50-51).

The expansion of social security was driven by changes in the relative bargaining power of societal actors, especially specific groups of organized labour, who demanded superior benefits to the ones granted to other groups. During the following decades, organized societal interests would be able to expand the size of the spoils system but not change the logic of political order upon which it was based. The most distinct example of this is the political crisis that erupted in 1958 when contingents from several unions broke away to demand higher wages and, importantly, the internal democratization of their organizations. These movements emerged
from the official unions of public teachers, and oil, telegraph, and railroad workers (Pozas Horcasitas 1993:51). The violent protests of 1958 and the reaction of the regime are a great example of a situation where an attempt to build impersonal organizations in a political system dominated by personalistic ones was ultimately absorbed by the dominant logic of the regime.

In response to the heightened protests of 1958, Adolfo López Mateos’s administration doubled the coverage of the IMSS, which reached 2,191,160 insured workers or about 6.2% of the population by 1965 (Pozas Horcasitas 1993:52). The state also expanded social housing and invested heavily in healthcare infrastructure. Most dramatically, it created in 1959 the Instituto de Seguridad y Servicios Sociales de los Trabajadores del Estado (ISSSTE). This was new regime of social security for employees of the public sector with more generous benefits than those granted to workers in the private sector. It provided government workers with:

- medical and maternity insurance;
- work accident insurance;
- re-education and rehabilitation of those on disability;
- services to raise the standard of living of state workers;
- programs to improve technical, social, and cultural preparation;
- credits for the acquisition of property, land, or houses;
- renting of inexpensive housing;
- mortgages;
- short-term loans;
- retirement (for years of service);
- old-age pensions;
- disability insurance;
- and a global indemnity for dismissal or leaving employment (Dion 2010:94).

The creation of the ISSSTE was clearly an attempt to secure the loyalty of the traditional bases of support for the regime amongst the employees of the public sector (not how the labour protests of 1958 all came from workers employed by the government either through the system of public education or the SOEs involved in oil, railroads and telegraphs). The demands of the
dissident workers for higher wages and improved social security could be granted, but not the democratization of the unions. On the contrary, access to any of the benefits offered by the IMSS or the ISSSTE would continue to be tied to membership in the state-sanctioned unions. In Pozas Horcasitas terms:

The changes made to expand workers’ social benefits carried a clear legitimating purpose, since the new government tried to differentiate itself from the three preceding administrations, whose labour policy had culminated in the conflicts of 1958 and the subsequent repression […] It was through the syndical organization, and under the condition of being its member, that social benefits reached the workers, something that made labour policy a means to achieve political unity: from the labour-friendly President at the top, down to the union leadership at the basis of the state, in order to reinforce the allegiance of the grassroots bases of support (Pozas Horcasitas 1999:53, my translation).

Therefore, the expansion of social security was shaped by changes in the relative bargaining power of societal actors, particularly specific pockets of organized labour, who demanded superior benefits to the ones granted to other groups. According to Viviane Brachet, social reform in Mexico was the result of concessions that the regime made to pressures from below at particular moments of crisis when the “pact of domination” was contested, as was the case in 1958 (1994:7). These concessions, however, did not come in the form of public goods, as was the case in France in response to the struggles of the CGT and the CFTC, but only as an additional layer of selective incentives that expanded the coverage of the spoils system. In other
words, the path-dependent logic of state-society relations meant that labour organizations could contest the terms of the “pact of domination” but not domination itself.\textsuperscript{110}

What would have happened if an autonomous labour movement had emerged to contest the monopoly of the state-sanctioned unions? It is always risky to advance a counterfactual hypothesis, but we may suggest some speculative thoughts based on the comparison with the French experience. Had they been present in Mexico from the 1920s to the 1970s, autonomous labour organizations would have demanded the expansion of social security as a public good rather than as a selective incentive to the party-sanctioned labour organizations, in the same way that the CGT in France pushed for the universalization of family allowances. Similarly, autonomous labour organizations would have opposed the fiscal system built upon exemptions, since their workers would be carrying the brunt of the income and sales taxes without receiving any benefits in the form of public goods. Finally, autonomous labour organizations would have opposed the use of public credits to finance private firms that only hired workers from the state-sanctioned unions. This does not mean that the state would have succeeded in raising more revenue and transforming a larger share of private wealth into public goods. Most likely, it would have entailed a long period of political instability, similar to the one experienced by France in the 19\textsuperscript{th} century. In other words, the strategies that allowed the Mexican party-state to maintain stability and remain in power caused its inability to solve complex coordination challenges. Instead, the state’s only resource to coordinate collective action was through the

\textsuperscript{110} By 1982, the social security system covered 7,059,122 workers or 28.5\% of the labour force and 10\% of the total population, even though at this point the demand of services already exceeded the capacity of the state to supply them (Pozas Horcasitas 1993:63). Coverage remained restricted to union membership.
construction of a huge apparatus geared towards the distribution of selective incentives to supporters, thus maintaining order but depleting public resources.

6.4.3 The Consolidation of the Mexican Model as the Expansion of the Spoils System

The Mexican Revolution was a turning point in the political development of the country. It empowered the popular classes and created the conditions for their incorporation into the political arena during the 1920s and 1930s. However, since the revolution did not fundamentally transform the organizational strategies that the popular classes adopted to mobilize, it reproduced the same logic of state-society relations of the Porfiriato. The emergence of the corporatist party-state, first as the PRM and then as the PRI, brought with it the construction of a spoils system that covered a much larger share of the population than any preceding regimes, but that still restricted its allocation of benefits to a cross-class minority of the population: big industrial conglomerates, new manufacturing firms, the ejidatarios and the workers of the official labour unions. The ironic insight raised by the Mexican case is that as the state coopted labour organizations, it increasingly lost its autonomy from private interests and opened itself to be colonized by rent-seeking private actors.

The PRI regime was famously characterized by its unflinching stability. However, this stability was bought at the expense of the state’s ability to coordinate collective action and provide meaningful public goods to the population. On the contrary, political order was based on a zero-sum logic of politics, where competing interests repeatedly faced each other to capture larger amounts of rents and privileges. Under these circumstances, public goods were very hard to produce, since fiscal policy was little more than a list of particularistic exemptions, and extremely hard to preserve, since the temptation to convert public resources into rents was
always present. The growth of the “social state” was indeed the result of popular incorporation, but it did not carry with it an increase in state-supplied public goods. On the contrary, more often than not, the growth in the size and scope of the state was not the result of efforts to increase its capacity to provide public goods, but the unintended outcome of the allocation of private goods and the expansion of the spoils system, whether these were jobs in the public sector or bailouts to private firms.

The spoils system that congealed in the 1940s had very far-reaching effects. It created the conditions for the increasing dependence on oil windfalls after the boom of the 1970s. As mentioned before, this was not the result of oil abundance, but rather the result of already very low levels of state capacity. As oil revenues began to flow in the 1970s, they became a lifeline for a spoils system that had grown enormously and was running out of resources to distribute. They allowed the regime to survive a few more years, until even those oil windfalls were no longer enough to sustain it.

6.5 Conclusion

In this chapter, I have argued that the differences between France and Mexico in the long-term production of public goods, especially as they related to tax revenues and social security, can be explained by looking at how the popular classes were incorporated into the political system. In both countries, the state grew in size and scope from the 1920s until the 1970s, and in both cases business interests tried to find ways to resist this expansion and to limit the transformation of private wealth into public goods. Despite these similarities, the ways in which the French and Mexican states transformed themselves into “social states” and faced the resistance of societal actors were very different.
In France, the presence of an autonomous labour movement that political elites could not co-opt meant that the only way in which political order could be maintained during the 1920s and the 1930s was through piecemeal contributions by private actors (employers, business organizations, and mutual-aid societies) to the delivery of welfare services. In exchange, they demanded at every step of the process to maintain the ability to oversee the administration of those resources. This pattern continued as the strengthening of organized labour pushed the state to make social security benefits mandatory and universal. Even when the state tried to reorganize the popular classes and discipline them through corporatist organizations, as it did during the Vichy regime, there were no individual leaders that the state could easily co-opt to control the support of the labour movement. Instead, the CGT and the CFTC became the stronghold of the resistance. When the war was over, state-supplied public goods rapidly increased. This growth was only possible, however, because state-society relations operated around a social contract where autonomous societal actors could monitor state authorities, and thus be less reluctant to participate in the transformation of private wealth into public goods.

In Mexico, on the other hand, the popular classes were incorporated into the political system through hierarchical organizations built upon the personalistic connections of local strongmen and political elites. These groups pushed for the expansion in the size and scope of the state. However, as organized business interests resisted those efforts in the late 1930s, the personalistic and hierarchical structure of labour and peasant organizations meant that the state could discipline the popular classes through a system of selective incentives that allocated private goods to regime supporters: fiscal exemptions and assistance for loyal peasants and jobs and social security for the members of the official unions. The exclusive nature of these privileges meant that the vast majority of the popular classes would not have access to them.
This, however, did not threaten political order because those groups (landless peasants, the unemployed and self-employed, and the workers in the informal economy) did not have the means to collectively mobilize. As the popular classes were pacified and order established, business interests could then encroach on the state and capture public resources for their private benefit: subsidized credit, fiscal exemptions, and protected markets. Rather than contributing to the transformation of private wealth into public goods, political order depended on a spoils system that transformed public resources into rents.

To conclude, the main theoretical claim that I have made throughout this dissertation is that the strategies that individuals adopt to solve the collective action problems related to political mobilization ultimately affect the ability of a society to produce and preserve public goods. In this regard, the comparative historical analysis of the French and Mexican cases offers empirical evidence of three theoretical propositions made by the Organizational Theory of Political Development:

First, the political contexts in which these countries built the foundations of the social state help crystallize the importance of distinguishing between state capacity as the ability to coordinate large-scale collective action (state infrastructural power) and the concentration of political power in the central government (despotic power). As shown by these cases, the ability to coordinate large scale collective action transcends the individual features of any actor, including the national government, but rather rests on a set of systemic conditions that shape the interaction between state and societal actors.

Second, the process-tracing exercise presented in the past three chapters throws some light over scholarly debates on state autonomy. The comparison between France and Mexico suggests that those approaches that ex ante assume that state autonomy does not exist—as in
pluralist and Marxist approaches—or assume that state autonomy does exist—as in the statist tradition that emerged around Theda Skocpol’s work (Skocpol 1979; Evans, Rueschemeyer, and Skocpol 1985) miss the mark. Instead, we should think of state autonomy as an emergent property that only appears under certain circumstances. The irony of France’s political development is that the Jacobin ideal of the state as the embodiment of the general interest could only emerge out of an environment where societal organizations monitored one another to prevent the capture of the state by private interests. François Furet was right in this regard when he said that the French Revolution only ended in 1870 (1995:537).

Finally, by adopting the view of political development as a set of self-reinforcing solutions to multi-level collective action situations, the theory proposes a way to identify the micro-foundations of social reproduction and change. The long-term comparison between these two countries has allowed us to observe how transformations at the micro-level, in the interactions between individuals, can be causally connected to processes of macro-structural transformation. In this regard, the cycles of order and disorder described in Chapter 5 and the divergent strategies of popular incorporation and construction of the social state discussed in this chapter have tried to make sense of French and Mexican political development from this lens. In the next and last chapter, I suggest some of the theoretical implications of this argument to other debates in comparative politics about institutional performance, and capitalist modernization and democratization.
Chapter 7: Conclusions

This dissertation has argued for a view of political development as the process whereby societies develop solutions to collective action problems at multiple levels. How do individuals relate to one another and which organizational resources do they have to act collectively as political agents? In what ways do state and societal actors interact in order to maintain political order and stability? How do societies manage to solve the coordination challenges associated with the production and preservation of public goods? The Organizational Theory of Political Development that I have presented here claims that these questions are interrelated, and that the strategies that actors develop to solve one of these collective action situations determines the solutions that they will adopt to solve the other ones. As a result, distinct political systems develop over time, where the complementarities between the solutions adopted to coordinate collective action at multiple levels generate self-reinforcing dynamics that make structural change very difficult. Ultimately, this explains why certain societies are able to produce more and more complex public goods than others.

In this last chapter, I recapitulate the theoretical building blocks of this argument, and then summarize some empirical findings specific to the cases of France and Mexico. I also present some exploratory thoughts about the generalizability of the theory to explain the trajectories of political development and the contemporary variation in levels of state capacity among Western European and Latin American countries. In the final section, I discuss the implications of the theory for debates about the relationship between capitalism, democratic institutions, and development.
7.1 Summary of the Dissertation and Findings

7.1.1 State Capacity and Coordinating Large-Scale Collective Action

One of the central—if not the most important—functions that states perform is the coordination of large-scale collective action, mobilizing the efforts of millions of people across vast distances and often multiple generations. The ability to unlock the collective potential of human societies has allowed us to produce extremely valuable public goods: from peaceful and orderly societies to extremely efficient economic systems of production. Nevertheless, not all states are equally capable of solving those coordination challenges today, and their societies continue to suffer problems of violence, instability, corruption, and a dearth of public goods that dramatically affects the quality of life for those populations. Therefore, explaining how those coordinating capabilities develop is a normatively pressing question.

I have proposed to use the term “state capacity” to refer to this ability to coordinate large-scale collective action. Such a conceptualization of state capacity is consistent with other, more common, definitions of the term as “infrastructural power”, emphasizing the analytical and empirical distinction between the power of the state to achieve its goals (to implement policy, to maintain order, to steer society) and the power of the state over the rest of society, or what Michael Mann calls “despotic power” (Mann 1984). The advantage of focusing specifically on the ability to solve collective action problems is that this conceptualization no longer forces us to assume a priori whether this capacity is a quality of a specific agent (no matter how important or dominant) or a systemic property that emerges from the interactions between state and societal actors.

As discussed at length in Chapter 2, the most important reason why we might want to make our indicators of state capacity open to this possibility is that it allows us to remain
sensitive to questions of equifinality. By focusing on the success or failure of states to coordinate the production and preservation of public goods, we do not assume that all states solve coordination challenges in the same way. Therefore, we can evaluate how different institutional designs, regime types or power arrangements may serve equivalent functions in achieving some of the tasks that we expect states to perform.

### 7.1.2 The Organizational Theory of Political Development

Why are some contemporary states better able to coordinate large-scale collective action than others? I have argued that the answer to this question is a systemic one, that is, that this capacity develops not from within state agencies but from broader societal transformations. In particular, changes in social relationships have far-reaching consequences for the long-term development of society-wide coordinating capabilities. Chapter 3 has shown the mechanisms whereby these transformations at the micro-level are aggregated in order to effect broader processes of macro-structural change.

In a nutshell, the main theoretical claim that I have made throughout this dissertation is that the strategies that individuals adopt to solve the collective action problems related to political mobilization ultimately affect the ability of a society to produce and preserve public goods. Where organizational resources are limited and individuals can only organize around intimate relationships of trust and loyalty, they will form personalistic organizations. These organizations tend to be closed and to coordinate collective action through a hierarchical authority structure that distributes selective incentives to its members. Consequently, when they engage with political authorities, they try to obtain private (i.e. exclusive) goods from them: rents, privileges and exemptions. This means that in a society where this type of organizations
predominates, political authorities will have to distribute enough private goods to secure sufficient support in order to remain in power and maintain stability. Under these conditions, politics adopts a very specific logic: it becomes a zero-sum competition between groups trying to capture those private goods. Political order thus rests on a spoils system that flows from the state down to its bases of support.

On the other hand, where personalistic relationships have been eroded and other organizational resources are available, such as the means of communication (not only the technologies but especially the spaces for meaningful interaction) for strangers to identify their common goals and shared grievances, impersonal organizations can emerge. These groups are characterized by having none or very low entry barriers to new members and to coordinate collective action through communicative practices of collective will-formation. These organizational features mean that private goods do not offer a sufficient incentive to motivate political mobilization. Instead, this type of organizations tends to engage the state in order to demand public goods. Political systems where these impersonal organizations are predominant thus develop a very different political logic than the one that develops in the spoils systems described in the previous paragraph. Under these circumstances, politics is no longer a competition to capture rents, but rather a positive-sum struggle to define which public goods are going to be produced, or, to put it in more grandiloquent terms, which definition of the “general interest” should prevail. In doing so, these organizations push the state to solve major coordination challenges as it is forced to transform private wealth into public goods. However, they also offer a solution to these challenges by adopting a position of mutual monitoring that prevents rent-seeking behaviour by other actors, thus giving the state the autonomy necessary to
produce and preserve those public goods. Political order is then established through—what I have called in a gesture to republican political theory—a social contract.

By identifying these alternative political logics, we can also make sense of the reasons why exogenous shocks, such as wars and natural resource booms, or major events of collective violence, such as revolutions and civil wars, seem to have contradictory effects on state-building trajectories across time and across countries. As argued in chapter 3, these events tend to affect the relative bargaining power of state and societal actors, thus pushing for the renegotiation of the terms of political order. However, unless they transform the organizational structure of civil society, these events will not fundamentally change the predominant logic of state-society relations in a political system. If we accept the claim that the organizational structure of civil society results from the social relationships that individuals can form in their daily lives, we will expect changes in state-society relations to occur over a very long period of time, even if the process begins with a decisive event such as wars, revolutions, or economic shocks. The tumultuous history of 19th century France is the best example of this.

In Chapters 4 to 6, I presented a detailed comparative historical analysis that shows how we can apply this theory to explain the long-term divergence in levels of state capacity between France and Mexico, especially as it widened during the 20th century. How capitalism penetrated into the countryside in these countries before the 19th century shaped social relationships at the individual level in ways that would be very hard to revert, despite major revolutionary moments, foreign invasions, and cycles of political crisis and reconstruction.

In France, the commercialization of agriculture undid local loyalties between the seigneur and the peasantry. Even as feudal forms continued until 1789, they increasingly abandoned their paternalistic elements and became a very conspicuous and noxious form of oppression that
became the central target of the revolutionary violence. As a result, the French Revolution created the conditions for new types of organizations to emerge, especially amongst the urban popular classes. Republican clubs that flourished during the revolutionary years became the organizational precedent for the gradual transformation of civil society during the 19th century: from Jacobin clubs, to mutual-aid societies, to electoral clubs, to labour unions, and political parties. These organizations increasingly abandoned personalistic features to become impersonal, open-ended and internally democratic. As France experienced the transformation of the organizational structure of civil society, political order was difficult to establish. Personalistic spoils systems repeatedly collapsed as these organizations mobilized to oppose them in 1830, in 1848, and from 1860 to 1871. On the other hand, social contracts could not consolidate, since strong personalistic organizations repeatedly captured them for their own private interests. Therefore, political order only consolidated after the 1870s, when impersonal organizations became dominant and gradually crowded out personalistic groups, especially those that had mobilized in the past around monarchical figures.

In Mexico, on the other hand, the colonial institutions of the Spanish Empire mediated the penetration of capitalism in the New Spain, preserving the strong ties of solidarity between local authorities (creole landlords or indigenous caciques) and peasants. When the War of Independence began in 1810 and the rural masses took up arms, they mobilized around those personalistic relationships, which then solidified as these clienteles became armed militias. The instability of the 19th century is thus explained by the competition between these groups in a context where resources had been depleted, and there were just not enough rents to buy the support of all the necessary actors. Things began to change, however, in the 1860s with the global economic boom that generated export windfalls and allowed Porfirio Díaz to distribute
enough patronage to secure his power. Again, the Revolution of 1910-1917 did little to change the personalistic structure of civil society organizations. The revolutionary armies were composed by networks of clienteles following local strongmen. Therefore, once the conflict was over and the triumphant leaders of the revolution tried to consolidate political order, they could only do so by building a spoils system that attracted the support of those clienteles.

The turn of the 20th century came with two major shocks to the political development of these two countries. WWI and the Mexican Revolution had the effect of increasing the relative bargaining power of popular organizations, and made them major political actors whose support was necessary to maintain political order. This was part of a similar process of popular incorporation experienced in the rest of Western Europe and the Americas. It also entailed that bringing the popular classes into the political arena required an expansion in the size and scope of activities of the state (i.e., its transformation into a “social state”), either by requiring the production of more and more complex public goods or by demanding the expansion of the spoils system in order to cover a larger portion of the population. Again, the organizational structure of civil society defined which path each one of these countries would take.

In the aftermath of WWI, popular organizations in France demanded the expansion of state-supplied public goods through the creation of a progressive income tax and the creation of a state-mandated social security system. However, business interests resisted those efforts. The state’s response, in a context of fiscal crisis and heightened military threats during the 1920s and 1930s, was a series of piecemeal negotiations and reforms whereby it managed to motivate the involvement of societal actors in the production of public goods: acquiescing to a regressive sales tax and undertaking the provision of welfare services through mutual-aid societies and employer family allowances. In exchange, these societal organizations became increasingly
involved in the administration of public resources and the delivery of public goods. Therefore, when in the late 1930s and especially after WWII, the strengthening of the labour movement pushed for the universal expansion of social security, societal actors contributed to its construction while retaining a monitoring position to make sure that public resources were not captured by private actors. As a result, the new social contract was based on an extensive supply of public goods, where the state could extract over 40% of GDP through taxes and offered a generous welfare system that reached the entire population.

In Mexico, the incorporation of the popular classes was driven by the personalistic organizations that were victorious after the revolutionary years. The new regime built a party-state that integrated all the groups whose support was necessary to maintain political order through a corporatist structure. Stability was thus bought through a balancing act where private goods were distributed as selective incentives to those key constituencies: big business conglomerates gained access to subsidized credit, fiscal privileges and protected markets; unionized workers and public sector employees were offered jobs and exclusive social security benefits; and organized peasants were given land, equipment, assistance and tax exemptions. As large as this spoils system was, it still left aside the vast majority of the population: the middle classes, the non-unionized labour force (which represented between 85 and 90% of the total labour force), and landless peasants. As a result, public goods would be limited and whenever they were produced would be vulnerable to being turned into rents to the benefit of the regime’s supporters. By the 1980s, taxation remained under 10% of GDP, and social security was already entering a crisis while only covering less than 10% of the population.
7.2 Empirical Findings

The comparative historical analysis of France and Mexico not only allowed us to observe how the Organizational Theory of Political Development can help us explain long-term trajectories of state capacity, but also raised some revealing insights about the two cases. I elaborate on those specific findings in this section.

7.2.1 France

A long-term analysis of state-society relations in France and the ways in which they shaped the evolution of the French state goes against the grain of common assumptions about French political development. In particular, this dissertation has challenged the idea that French history can be described as a continuous illiberal tradition of strong executive authority that begins with Louis XIV and passes through the National Convention and Robespierre, Napoleon Bonaparte, and Louis Napoleon, all the way down to Charles de Gaulle (Furet 1981; 1995).

The French Revolution indeed produced a political discourse that emphasized the centralization of state authority and the weakening of civil society in order to preserve the general interest from private encroachment. However, the revolution also transformed the ways in which members of the popular classes organized to interact with political authorities. These transformations made the consolidation of a pluralist democracy possible under the Third Republic. The reason why the corporatist efforts of the Vichy regime failed was because it could not discipline the popular classes through a hierarchical structure of distribution of selective incentives, and this was because the labour movement was organized in ways that were completely hostile to those practices.
A second challenge to conventional views of French political development comes from the importance of the Third Republic as a state-building period. Contrary to those who saw the messiness of democratic politics at the time as a source of stalemate, corruption and conservatism, the Third Republic, and especially the interwar years, witnessed the construction of the organizational and institutional foundations for the growth of the “social state” and the development of new society-wide coordinating capabilities. We can thus join a recent wave of revisionist historians in describing the transformations that took place during this period as the social foundations of post-war statism (Dutton 2002; Nord 2010; Rosanvallon 1990; 2007; Delalande 2011).

7.2.2 Mexico

The micro-foundational logic of the argument also throws some light over some of the mechanisms whereby the experience of colonialism continues to affect institutional performance and state capacity in contemporary Mexico. There is a vibrant literature that connects colonial legacies with long-term economic and political development, whether it is through their effects on socioeconomic inequality, ethno-racial fragmentation, economic structure, or the position of the country in international markets (e.g., North 1990; Acemoglu, Johnson, and Robinson 2001; Engerman and Sokoloff 2005; Lange, Mahoney, and vom Hau 2006; Mahoney 2010). The analysis of the Mexican case suggests that an additional legacy of Spanish colonialism and the mercantilist institutions that it put in place in Latin America is related to the ways in which it limited organizational resources, especially for the popular classes, to develop autonomous political movements. As shown in the previous chapters, the ways in which colonial institutions strengthened local elites by giving them the monopoly over organizational resources go very far
in explaining patterns of popular mobilization during civil conflicts (the War of Independence, the Reform Civil War, and the Mexican Revolution) as well as foreign invasions (the two French invasions and the US-Mexico war). They can also help us explain the centrifugal forces that made political order chronically unstable during the 19th century and the reasons why Porfirio Díaz succeeded in consolidating his regime after the 1870s. Most importantly, the control of organizational resources by local elites and other powerful political brokers helps us explain the difficulties in building a pluralist democracy in the country since the early 19th century and the low quality of Mexican democratic institutions even today.

To elaborate on this latter point, in Chapter 5 I highlighted how, in the cycles of political collapse and reconstruction of the 19th century, we can identify occasional windows of opportunity when political entrepreneurs tried to build a social contract around principles of republican general interest, democratic accountability, and impersonal rights. Each time, the underlying logic of a society organized around personalistic relationships made those actors adopt the same practices as their adversaries and gradually let politics once again revolve around rent-seeking and selective incentives. This occurred in 1820-1830 when the early federalists tried to create an inclusive, democratic republic; and again in 1868 to 1876 when Juárez and Lerdo tried to build a liberal—elitist but pluralist—democracy; and again from 1917 to 1940, when various actors, many of them involved in the construction of the party-state, still believed that it was possible to build a social democracy; and again, I would argue, in 2000-2012, when the collapse of the PRI regime opened the hopes for a new competitive electoral democracy to finally be consolidated, until the party system was once again engulfed by the personalistic, clientelistic and rent-seeking politics of the past.
Along these lines, the political conflicts that Mexico faces today continue to revolve around the spoils system that congealed in the 1940s, despite the transition to electoral democracy in 2000. As described in Chapter 6, the consolidation of the post-revolutionary regime involved granting key constituencies privileged access to state resources: big business groups and protected markets, subsidies, and fiscal exemptions; labour unions and public sector jobs and benefits; and peasants and the networks of corporatist patronage. Since the 1980s to the present, Mexican politics has been shaped by attempts to dismantle that spoils system: breaking with the private oligopolies and monopolies that characterize the Mexican economy; pushing for the internal democratization of the major unions (in education and the energy sector, for example); weakening political brokers that mobilize the popular classes, and removing the privileged veto power of business interests on policymaking. Unfortunately, history tells us that spoils systems, even if unjust, represent a device to maintain political order. As they collapse, violence often erupts as entrenched interests mobilize to protect their benefits and other actors confront them in their attempt to reconstruct a new spoils system to their benefit. This seems to be the larger underlying explanation to the ongoing wave of violence in the country.

7.3 Beyond France and Mexico: Generalizability

In this section, I offer some tentative thoughts about the extent to which differences in social relationships and organizational structures at the time of popular incorporation can help us explain the long-term political development (in terms of the type of systems that emerge and their ability to supply public goods) of other cases beyond France and Mexico. I focus on Western European and Latin American countries because these regions experienced similar transformations with the pressures of popular incorporation by the turn of the 20th century but
developed very different states in the long run. Moreover, a brief glance at Europe and Latin America can help us place the French and Mexican experiences in their larger regional contexts.

Table 7.1 presents the tax ratios of Western European and Latin American countries.\textsuperscript{111} The first column presents values for tax ratios during the 1990s, at the height of the neoliberal reforms that we would expect, in principle, to coincide with lower levels of taxation. The second column presents a simple average of the tax ratios in 2000 and 2012, a period marked by the rise of left-wing governments in Latin America. The last two columns rank these countries according to their scores for each of these periods.

<table>
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<tr>
<th>Region</th>
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<th>Ranking 2000-2012</th>
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<td>EUROPE</td>
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<td>LATAM</td>
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\textsuperscript{111} Data for Western European countries comes from (OECD 2014) and for Latin American countries comes from (OECD 2015). Chile and Mexico are treated as Latin American countries, rather than as OECD countries.
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The data presented in table 7.1 is at best a snapshot of levels of state capacity as they relate to the ability of the state to transform private wealth into public goods through taxation. However, we can extract some tentative conclusions from these numbers. The first and most important one is the wide regional disparities between Western Europe and Latin American countries. In the 1990s, the first group of countries taxed, on average, 23.2% more of their GDP than their Latin American counterparts (36.5% versus 13.3%). In the 2000s, this figure had declined to 18.8% (37% versus 18.2% in 2000-2012).

Western Europe went from the height of neoliberalism in the early 1990s to the period of recovery after the 2008 Financial Crisis without dramatic changes in their levels of taxation. Some countries in Latin America, on the other hand, seem to have experienced a period of
sustained growth during these years, as they transitioned to democracy, re-established order after periods of civil conflict, and elected leftist governments. Despite this growth in tax revenues, most Latin American countries remain unable to tax more than 20% of their GDP, and, although we lack a more comprehensive set of indicators of public goods provision to support this claim, it is reasonable to suggest that the low levels of taxation also entail very low levels of other state-supplied public goods. Therefore, the cross-regional variation in levels of taxation is related to profound structural differences affecting the capacity of these states, and not merely by the preferences of political elites.

We can interpret the ways in which Western Europe and Latin American countries cluster in clearly distinguishable groups as an indication that cross-regional variation in state capacity is not merely a matter of differences in degree between cases but that we are looking at two qualitatively different types of states. In the first type, states built as social contracts, the interaction between societal actors and the state occurs around the transformation of private wealth into public resources. In the second type, states built as spoils systems, the transformation of private wealth into public goods seems to be minimal. That is as much as we can tell from these tax ratios. However, based on the Mexican case and an impressionistic overview of most Latin American countries at the bottom of this ranking, we can venture the claim that in those cases, the interaction between state and societal occurs around the transformation of public resources into private goods.

The Organizational Theory of Political Development presented in this dissertation argues that we can then explain the emergence of these different political systems by looking at how the ways in which capitalism was initially established in a society transformed social relationships,
and how those transformations affected the ability of the popular classes to create impersonal organizations. Can this factor help us explain those broader cross-regional differences?

As Moore (1966) and Rueschemeyer, Stephens, and Stephens (1992) have argued, capitalism transformed class relations and created the conditions for the first wave of democratization to take place in North America and Western Europe during the late 19th and early 20th centuries. According to those accounts, the commercialization of agriculture weakened the political power of the landed upper classes, limiting their ability to oppose pro-democracy popular movements led by workers, peasants, small landowners, farmers, and the lower middle classes. This was the case in Sweden, Denmark, Norway, Switzerland, Belgium, Netherlands, and France (Rueschemeyer, Stephens and Stephens 1992:83-98). What is crucial here—and has been often overlooked by these arguments—is that the political weakening of the landed upper classes meant that they could no longer mobilize peasants and workers through personalistic and clientelistic ties. As the landed elites lost control over organizational resources, the popular classes created autonomous political organizations to demand their incorporation into the political system. The best example to support this point is the British case, where the agrarian elite remained strong in the late-19th century, but where the commercialization of agriculture through enclosures meant that British landlords could not extract labour through the type of “non-market” or coercive mechanisms that tend to strengthen personalistic relationships between local elites and peasants (Rueschemeyer, Stephens, and Stephens 1992:84). Therefore, as these states democratized, the popular classes entered the political arena as autonomous monitoring actors of state authorities and not as subordinate clients.

Another group of countries (Austria-Hungary, Spain, Italy and, to a lesser extent, Germany) reached the end of the 19th century with politically strong agrarian elites who, at least
in the first three cases, could extract labour from the rural masses through coercive practices, in a very similar way as landowners did in Latin America. In all of these cases, even though urban-based autonomous labour movements emerged by the turn of the century, fascist organizations could tap on the personalistic organizational power of agrarian elites (and the Church) to mobilize the rural populations behind them. This then allowed fascist regimes to carry out the violent repression of autonomous labour groups and the reorganization of the popular classes along state-corporatist principles, where the workers and peasants would interact with political authorities as subordinate actors that received targeted benefits for their support, not unlike the Mexican case.\textsuperscript{112} However, the end of WWII in Austria, Germany and Italy, and the transition to democracy in Spain, produced the overhaul of the entire political system, to a degree that did not occur in the processes of democratization in Latin America. In these cases, the state-corporatist system of interest representation was dismantled, fascist organizations were outlawed, and autonomous popular organizations, which could draw on their pre-war organizational traditions, were recognized (Rueschemeyer, Stephens, Stephens 1992:99-121). The new democracies that were established reproduced the political logic of the rest of Europe, and state-society relations were rebuilt around the negotiation of the general interest and mutual monitoring between state and societal actors (Collier 1999:131-132; 164-165).

Can the theory explain the variation within European countries? In all of those cases the popular classes were either initially incorporated into the political system as autonomous actors (Scandinavia, France, the Netherlands), or their relationship to the state was transformed as state-corporatist institutions were dismantled after WWII (Germany, Italy, Austria, Japan) or after the\textsuperscript{112} Indeed, the reorganization of the PNR into the corporatist PRM and later the PRI was modelled around the corporatist architecture of the fascist parties in Italy and Spain.
transition to democracy (Spain, Portugal, and the former Communist countries). This means that in all of these cases states were built as social contracts rather than as spoils systems. Consequently, variation in levels of taxation within this group of countries is no longer a matter of the ability of the state to coordinate collective action (state capacity), but of differences in the relative bargaining power of societal actors and in their preferences about which public goods should be supplied by the state. This is where the Organizational Theory of Political Development connects with the debates on public goods provision in advanced democracies, such as that between Walter Korpi’s Power Resources Theory (Korpi 1989; Korpi 2006) and neo-institutionalist explanations of the origins of the welfare state (Mares 2003; Iversen and Soskice 2009).

On the other hand, the Latin American experience of popular incorporation was very different. In most cases, the political organizations that represented the popular classes were either outright excluded from the political arena for most of the 20th century or were incorporated as subordinate clients of the elites (Collier and Collier 1991). This general pattern can help us explain the cross-regional differences between the Latin American and Western European cases. However, there were also important intra-regional differences in the penetration of capitalism, the patterns of popular incorporation and the long-term development of these political systems.

In table 7.1, we find a handful of cases that approach European averages: Brazil, Uruguay, and, to a lesser extent, Argentina and Chile. The political development of these countries shared several features that were absent in the rest of Latin America. Uruguay, Argentina, and Chile were all peripheral regions during the colonial period, where Spanish control over the economy was limited and the commercialization of agriculture could penetrate more rapidly (Mahoney 2010:51). Moreover, the absence of large indigenous populations meant
that labour relations would not follow the coercive/paternalistic perpetuated in the rest of Latin America, but would create labour markets that weakened the monopoly over organizational resources of local elites. By the 1930s, these three countries had developed autonomous and radicalized labour movements that threatened the interests of the propertied classes (Collier and Collier 1991:112; Rueschemeyer, Stephens, and Stephens 1992:182). These actors were significantly weaker than organized labour in Western Europe, and their influence on state policy depended on coalitions with middle-class political forces. However, the key point is that, especially in Chile and Uruguay, the popular classes had created political organizations that were autonomous from the bourgeois and upper-class political parties that competed for power. This would have two major consequences: first, if would generate a strong reaction from the propertied classes and the military that would culminate in extremely violent and repressive dictatorships; and, second, it meant that political authorities could not discipline the popular classes through cooptation of their leaders (O’Donnell 1973).

In Brazil, local and regional elites continued to control the popular classes through clientelistic relationships at the beginning of the 20th century (Collier and Collier 1991:106-107). The labour movement remained marginal as a result. In the 1930s, the popular classes were incorporated into the political arena through Getulio Vargas’s Estado Novo, which reorganized labour through corporatist unions subordinated to the state but—crucially—not under the control of a political party, as was the case in Mexico at the time (Collier and Collier 1991:172-174). Vargas’s Estado Novo was much more vulnerable than the Mexican corporatist project, but it did succeed in breaking the clientelistic control of regional elites over parts of the popular classes. After the fall of Vargas in 1945, the Partido Trabalhista Brasileiro (PTB) and the Communist Party competed for the support of labour unions and the working classes. The PTB, along with
Vargas’s other electoral vehicle, the Partido Social Democrático (PSD), and the communists, were then banned in 1964 when the military coup imposed a conservative dictatorship. Together, these two periods—the pluralist years between 1945 and 1964—and then the military dictatorship 1964-1985—further pushed for the autonomy and radicalization of popular organizations, leading finally to the emergence of the Partido dos Trabalhadores (PT) in 1980, the main programmatic working class political party in Brazil (Collier 1999:134-138).

The military dictatorships in Chile and Uruguay had a similar effect on organized labour in those countries, which had historically remained autonomous from the state and elite-dominated political parties. Therefore, as Brazil, Chile and Uruguay transitioned to democracy in the late 1980s, the popular classes had access to organizational resources to form impersonal political parties. These parties adopted, to a much greater extent than elsewhere in Latin America, monitoring functions over political elites. In Chile, however, the pacted transition and the coalition governments of the Concertación excluded labour unions and popular political parties, which explains the weak relative bargaining power of these actors and those the limited levels of taxation and public goods provision compared to Uruguay, Brazil or the European cases (Collier 1999:154-155; Siavelis in (Domínguez and Shifter 2013:205). However, most observers would agree that the Chilean political system today resembles more that of Australia or the United States than that of Ecuador or Venezuela (Roberts in Levitsky and Roberts 2011:). In Argentina, the labour movement became associated with Peronismo since the 1940s. It has been characterized by a more personalistic and clientelistic organizational structure than Uruguayan labour organizations, and has adopted an accommodationist position under certain political actors (Etchemendy and Garay in Levitsky and Roberts 2011:286-287).
In the rest of Latin America, especially in Mexico, Central America, Peru, and Bolivia—the “core regions” of the Spanish Empire—the control of the landed elites over the popular classes continued until the turn of the 20th century. In these cases, labour movements remained very limited, and the popular classes rarely organized autonomously but were instead mobilized by elites (Collier and Collier 1991; Rueschemeyer, Stephens, and Stephens 1992:223). This generated a pattern where they were either entirely excluded from the political arena (as in most of Central America, and in Colombia and Venezuela under the pacted democracies) or were disciplined through a combination of repression and cooptation by elites (as in Peru, Bolivia, and Mexico).

With two exceptions, the consolidation of democratic institutions in these countries during the 1990s and 2000s, does not seem to have fundamentally changed the logic of state-society relations, as the popular classes have continued to interact with political authorities through their personalistic connections with powerful intermediaries, within or outside established political parties. This has been the case in Mexico, where the political parties that were in the opposition during the PRI regime have adopted many of its mobilizational strategies. In Venezuela, the Chavista regime has mobilized the popular classes through the exchange of rents and privileges in exchange for their support while limiting their ability to monitor and sanction the behavior of party leaders. In Peru, the implosion of the party system has led to a political system dominated by personalistic figures and very weak impersonal organizations.

The two exceptions, although at opposite ends of the political spectrum, are Colombia and Bolivia. In Colombia, the exclusion of the Communist Party from the pacted democracy of the National Front (1958-1974) and the civil conflict that this generated, pushed radical popular organizations to illegality (Posada-Carbó in (Domínguez and Shifter 2013). The exclusion of the
popular classes and the inability of political elites to discipline them through cooptation may have the unintended effect of creating impersonal popular organizations. These organizations, once integrated into a democratic party system, are more likely to behave as monitoring societal actors (as was the case in Brazil and Uruguay) than as subordinate clients (as has been the case in Mexico and Venezuela).

Bolivia, on the other hand, seems to be undergoing a major transformation in the relationship between the state and the popular classes. The country experienced during the 20th century the same patterns of exclusion and cooptation of the popular classes (under the Movimiento Nacional Revolucionario of the 1950s, MNR) as Peru and Mexico. However, populist regimes in Bolivia were weaker and less successful due to the stronger opposition of the elites. As a result, the attempt to control the popular classes by organizing them as subordinate actors of the state recurrently failed, producing overtly exclusionary regimes. This meant that the actors that tried to mobilize the large indigenous populations brought organizational resources to them but could not remain in control. It would be through these organizational foundations, labour unions and peasant federations, that the social movements of the 1990s and 2000s entered the political arena and ultimately took power through the Movimiento al Socialismo (MAS) (Anria et al. in Cameron and Luna 2010).

When we look at table 7.1, the growth of the Bolivian tax ratio between 1990 and 2012 is impressive, jumping from 7% of GDP to 20.1% of GDP, the same taxation levels as Chile. Contrary to the claims of commentators that often group Bolivia and Venezuela as similar populist regimes, these figures suggest that the MAS is transforming the political logic of the country. The MAS is built upon a loose network of social movements that have developed autonomously from political elites and that maintain a high degree of internal accountability. It is
certainly too soon to make a definitive claim on this point, but the Bolivian experience might represent a case where the transformation of social relationships and organizational resources among the popular classes is successfully transforming the political logic of the country, and is planting underneath the rhetoric of a populist and participatory experiment the seed of a liberal-democratic social contract.

This brief overview of Latin American countries since the 1980s challenges conventional views that have tried to look at the different leftist governments in the region as a matter of a “Good Left” and a “Bad Left” (Castañeda 2006). Instead it argues that a much more productive approach would be to look at the organizational transformations that the popular classes have undergone (or not) under these regimes, and whether this has transformed the political logic of these states in ways that move away from rent-seeking politics into the production and protection of public goods.

These cursory remarks raise more questions than they answer. However, they suggest that there is, indeed, a general story to be told about the effects of organizational resources and patterns of popular incorporation on long-term processes of political development and state capacity.

7.4 Capitalism, Democracy and Development

Finally, the theoretical argument presented in this dissertation tries to offer a synthesis of the insights in the literature regarding the relationship between capitalism, democracy and development. Modernization Theory argued that capitalist development generated the conditions for democracy as the result by increasing the rationalization, urbanization and education of society (Lipset 1963; Rostow 1971). Marxist sociologists replied that capitalism indeed triggered
democratic pressures, but only because it produced social classes that were more likely to adopt pro-democratic orientations—whether it was the bourgeoisie (Moore 1966) or the working class—and weakened those social actors more likely to support authoritarianism—especially the landed upper classes (Rueschemeyer, Stephens, and Stephens 1992). More recently, neo-institutionalists have inverted the direction of the causal arrow. They have suggested that it is not capitalist development that generates democracy, but that democratic institutions foster economic development (D. North, Wallis, and Weingast 2009; Acemoglu and Robinson 2013).

By focusing on how capitalism redistributed organizational resources by transforming social relationships at the individual level, we can build a theory about the micro-foundations of social reproduction and structural change that synthesizes the insights of this debate. It was only where capitalism created the conditions for the popular classes to organize autonomously from local and communal elites that it created the pro-democratic forces that would ultimately transform political systems. Social classes are not inherently democratic or anti-democratic. Their political orientation comes from the organizational strategies that they adopt and the political systems in which they are embedded. Similarly, democratic institutions do not always restrict rent-seeking behaviour or produce positive-sum environments that are conducive to private and public investment. For democratic institutions to perform this role, they need to rest on a social ecosystem where actors at every level, from individuals to political parties, have the disposition and ability to act collectively to prevent the privatization of public goods.

Capitalist development and democratic institutions can survive in societies where politics is little more than a competition to capture public resources and turn them into rents; and capitalism and democracy can flourish in societies where politics is about efforts to influence the process whereby private contributions cultivate the general interest. At the end of the day, which
type of politics develops depends on how individuals relate to one another and organize to pursue common objectives.

To conclude, we can return to Michel Foucault’s famous passage that served as an epigraph to this dissertation:

At bottom, despite the differences in epochs and objectives, the representation of power has remained under the spell of monarchy. In political thought and analysis, we still have not cut off the head of the king. Hence the importance that the theory of power gives to the problem of right and violence, law and illegality, freedom and will, and especially the state and sovereignty (even if the latter is questioned insofar as it is personified in a collective being and no longer a sovereign individual) (Foucault 1990:88-89).

This dissertation has tried to break that spell. As Foucault suggested, power as capacity is something that individuals create as they learn to cooperate with one another and find ways to limit, together, power as domination.
Bibliography


Appendix A

A.1 The portfolio of public goods: data sources

The data for France and Mexico comes from various issues of official statistical yearbooks. For France, I used the *Annuaire Statistique de la France* (Service de la statistique générale de France and Ministère de l’agriculture et du commerce 1878; Institut national de la statistique et des études économiques and Ministère des finances et des affaires économiques, Institut national de la statistique et des études économiques 1953), and, for Mexico, the *Anuario Estadístico de los Estados Unidos Mexicanos* (INEGI-Instituto Nacional de Estadística Geografia e Informática 1938).

France:

Since the dataset for the French case covers over a century of observations, its construction involved identifying the correct figures despite changes in the data collection strategies by governmental agencies. I explain below how the final numbers were obtained.

**Territory:** All the data is adjusted for the changes in territory and population produced by the wars in 1870, 1914 and 1939: (1) 1830-1860 is based on the territory within the 1815 borders (current territory without Savoie, Haute-Savoie, and part of Alpes-Maritimes); (2) 1861-1871 is based on the territory within the borders of 1860 (current territory); (3) 1872-1917 is based on the borders of 1871 (current territory without Moselle, Bas-Rhin and Haut Rhin); (4) 1917-1970 is based on the territory within the contemporary borders (*Annuaire Statistique* 1966, pp. 66-73).
**Roads:** Data for roads only takes into account national roads, "*routes nationales*". In 1931, the *Loi de Finances 1930-1931* changed the classification of many vicinal roads (*chemins vicinaux de grande communication*), which were under the construction and maintenance of the departments, and added them as part of the network of *routes nationales*. This entailed the completion of the most part of contemporary France's road network.

**Railroad Lines:** Data for railroad lines only considers lines of general interest. Railroad lines of local interest stopped being used in 1950 when they were replaced by the expansion of the general network, so the figures for the period 1880-1950 are slightly underestimated (*Annuaire Statistiques*, various issues; also *Annuaire Statistique 1966*, pp. 319-321).

**Telephone subscriptions:** Data comes from the *Annuaire Statistique 1966*, *p. 331*, and *Annuaire Retrospectif 1948-1988*, pp. 561.

**Letters:** "Letters" includes "*lettres ordinaires, chargées et recommandées*"; print publications are not included since strong states may intentionally limit the circulation of print materials (i.e., censorship). Data for letters and publications is taken from the *Annuaire Statistique 1966*, pp. 328-329, *Annuaire Statistique 1968*, pp. 447, *Annuaire Statistique 1973*, pp. 428. Data for letters includes other packages from 1919 to 1943, and includes post cards from 1944 to 1965.

**Schools and Students:** Data on schools and students only refers to the sum of *congréganiste* and *laïque* public schools, private schools are not counted (*Annuaire Statistique 1966*, pp. 132-133). For the years 1953-4, 1958-1959, 1964-1964, 1968-1969, 1969-1970, 1970-1971, numbers include all public elementary schools, that is, the sum of *écoles primaires* and *écoles spécialisées*; in terms of students the numbers include values for public elementary schools under the following categories: *écoles élémentaires, cours préparatoires, cours...*
élémentaires 1 & 2, cours moyen 1 & 2, classes d'initiation, classes d'adaptation, post cours moyen 2-Cours supérieur et de fin d'études, and classes spéciales (Annuaire Rétrospectif 1848-1988, pp. 206). The calculation of schools and students per 1000 people of school-age was calculated by estimating the school-age population (6-13 years) using birth rates for the previous 13 years.

**Taxation:** Data for direct and indirect taxation comes from the reconstruction of public finances based on the information in the Annuaire Statistique 1966, and Annuaire Rétrospectif 1948-1988. Only taxes and public revenue from the national government are considered. Data on local and departmental taxes is available but only represents a very small proportion of total revenue. Unfortunately, it is not possible to distinguish from the available data between taxes and other revenue streams for local governments. Direct taxes are the sum of: Contributions directes, Taxes assimilées, Taxe sur le revenue des valeurs mobilières, etc., and Impots de solidarité nationale. Indirect taxes are the sum of: Enregistrement, Timbre, Douanes, Contributions indirectes (boissons, transports et droit divers), Impôts (sucre et sel), Taxe sur le chiffre d’affaires, and Taxe sur les transactions. Tax ratio is the sum of direct and indirect taxes as a proportion of total revenue.

Data for tax ratio comes from two sources: from 1896-1970 is based on Thomas Piketty's estimates for total taxation and GDP (Piketty 2010). For the years before 1896 the tax ratio is calculated through the data on total taxes from the Annuaire Statistique 1966 and GDP estimates from (Smits, Woltjer, and Ma 2009). I have preferred to use Piketty's tax ratios where possible (1896-1970) since they use the same methodology to estimate taxes and GDP.
Mexico:

The data collection for the Mexican case was more straightforward. For all the indicators, the data was extracted from the statistical yearbooks from 1938 to 1971.

**Territory:** There were no changes in territory during the period.

**Roads:** Data for roads refers to the length in kilometers of all the roads built by the federal and state governments (*caminos construidos por la federación y los estados*).

**Railroads:** Data for railroad lines is the total length in kilometers for railroad lines under the jurisdiction of the federal government (*longitud de las vías de los ferrocarriles de concesión federal*).

**Telephone subscriptions:** Data for telephone subscriptions is the total number of telephone subscriptions. Between 1930-34 the data has been inputted from the later years by relating it to the number of telephone machines. I added this missing data in order to be able to expand the coverage of the overall index.

**Letters:** Data for letters refers to the *piezas de correspondencia transportada.* It only takes into account the circulation of letters and packages, but does not consider print materials and other publications for the same reasons pointed out for the French case.

**Schools and Students:** Data for schools and students is the sum of urban (*urbanas*) and rural (*rurales*) primary schools. Private schools are not counted. The calculation of schools and students per 1000 people of school-age was calculated by estimating the school-age population (6-13 years) using birth rates for the previous 13 years.

**Taxation:** Only taxes and public revenue from the national government are considered. Data on local and departmental taxes is available but only represents a very small proportion of total revenue. Unfortunately, it is not possible to distinguish from the available data between
taxes and other revenue streams for local governments. Direct taxes are the sum of: \textit{Impuesto sobre la renta}, \textit{Impuesto sobre pensiones}, \textit{Impuesto sobre ausentismo}, \textit{Impuesto sobre capitales}, \textit{Herencias y legados de acuerdo con las leyes federales}, \textit{Impuesto sobre las erogaciones por remuneración al trabajo personal prestado bajo la dirección y dependencia de un tercero, que se dedicará a la enseñanza media, superior y universitaria y a la capacitación técnica y profesional}, \textit{Aportaciones al seguro social}, \textit{Impuesto extraordinario}. Indirect taxes are the sum of: \textit{Impuestos a la importación}, \textit{Impuestos a la exportación}, \textit{Impuestos a la industria}, \textit{Impuestos al comercio}, \textit{Primas de seguros}, \textit{Loterías, rifas y juegos permitidos}, \textit{Impuestos del timbre}, \textit{Impuestos de emergencia}, \textit{Contribución federal}, \textit{Impuesto sobre migración}, \textit{Impuesto sobre vehículos propulsados por motores de tipo diesel y acondicionados para uso del gas licuado de petróleo}, \textit{Diez por ciento adicional}, \textit{Explotación de recursos naturales}, \textit{Impuestos para la prevención y erradicación de plagas y para campaña sanitaria}, \textit{Impuestos no comprendidos en las facciones precedentes, causados en ejercicios fiscales anteriores, pendientes de liquidación o pago}. Tax ratio is the sum of direct and indirect taxes as a proportion of total revenue. GDP estimates are taken from Smits, Woltjer, and Ma (2009).

\textbf{A.2 Standardization of indicators into 1-100 scales}

The relational nature of the index is the result of the strategy used to standardize the different indicators of public goods in order to make it possible to compare and aggregate them into an overall composite score. Consequently, I have proposed a standardization strategy based on generating 1-100 scales, which requires defining maximum and minimum values. I have chosen to let the data shape the distribution of the standardized scales, by assigning a score of “100” to the highest value in the sample, taking 0 as the bottom limit, dividing the range in 100
equal rungs, and then identifying the rung in which each observation falls. This implies, of course, that the standardized scores mean nothing if taken out of the specific sample that generated them. However, the proportion of the difference across cases and across time will be robust and reliable. In other words, the index allows us to know how much stronger or how much weaker a state is at a particular point in time in relation to another one. Logically, if our sample is large enough and representative of the full distribution of values across the population (say, a large cross-national time-series dataset), we will be able to make statements about the relative levels of state capacity for most states, and the relative scores of the index of state capacity will be closer to representing absolute values.

Alternatively, we could refer to theory to determine the maximum values for the standardized scales—for example, by identifying the optimal levels of road density or schools per school age population. Similarly, for those indicators measured in percentages, such as tax ratio, we could take 100% as the maximum value, as might be the case in a completely nationalized economy. An advantage of this would be that the standardized score of each observation would not be affected by the scores of the other observations, and would be much closer to representing absolute values. However, these absolute values come at the expense of making us lose important information about fine-grained variation. Fixing the upper limit in a theoretical threshold would force us to lose information about variation across cases with extremely high levels of state capacity. An additional disadvantage comes from imposing a preconception to the data. Therefore, the strategy that I propose is to let the data speak for itself so that our assessments of relative differences across cases are robust.

The following table presents the maximum values and the percentage rungs for each indicator used in the analysis of France and Mexico.
<table>
<thead>
<tr>
<th>Table A1. Indicators of public goods and maximum values for France (1876-1970) and Mexico (1936-1970)</th>
<th>Max. Value</th>
<th>Size of rungs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stillbirths per 1000 births (min. Value)</td>
<td>50.55644</td>
<td>0.5055644</td>
</tr>
<tr>
<td>Length of roads (m) per sq.km.</td>
<td>147.0894</td>
<td>1.470894</td>
</tr>
<tr>
<td>Length of railroads (m) per sq.km.</td>
<td>79.81989</td>
<td>0.7981989</td>
</tr>
<tr>
<td>Number of phone subscriptions per 100,000 pop.</td>
<td>18,154.33</td>
<td>181.5433</td>
</tr>
<tr>
<td>Number of letters sent per capita</td>
<td>114.181</td>
<td>1.14181</td>
</tr>
<tr>
<td>Primary schools per 1000 school-age population</td>
<td>17.49079</td>
<td>0.1749079</td>
</tr>
<tr>
<td>Students enrolled in primary schools per 1000 school-age population</td>
<td>972.4693</td>
<td>9.724693</td>
</tr>
<tr>
<td>Tax Ratio (Total taxes as % of GDP)</td>
<td>0.3383397</td>
<td>0.003383397</td>
</tr>
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<td>Indirect Taxation (Indirect taxes as % of total revenue of central government)</td>
<td>0.7565749</td>
<td>0.007565749</td>
</tr>
<tr>
<td>Direct Taxation (Direct taxes as % of total revenue of central government)</td>
<td>0.3819324</td>
<td>0.003819324</td>
</tr>
</tbody>
</table>