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INDUSTRIALIZATION AND STATE ELITES IN  
BRAZIL  
AND ARGENTINA (1930-1966):  
NOTES FOR A COMPARATIVE RESEARCH

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## **Industrialization and State Elites in Brazil and Argentina (1930-1966): Notes for a Comparative Research<sup>1</sup>**

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### **Abstract:**

The purpose of this article is to answer the following research question: Why has Brazilian industrialization performed better than Argentina's from 1930 to 1966? To answer this question, the article is divided into three parts. In the first one I dismiss the "economicist", the "incidental" and the "politicist" accounts; in the second part of the article, I present three alternative explanations which, if combined and ranked, might help us to understand better the differences between the industrial performance of Brazil and Argentina during the period under analysis: the "institutionalist", the "ideological" and the "elitist" explanations. I argue that the "elitist" explanation is the most important of the three, for the other two logically depend on it; finally, under the guise of a conclusion, I sketch out four theoretical problems which the cases compared here might help us to discuss.

### **Introduction**

A glimpse at the vast number of studies about the industrialization<sup>2</sup> in Brazil and Argentina reveals a widely accepted evaluation that Brazil has performed better than Argentina after 1930. Already in the thirties one can observe different political and ideological attitudes towards industrialization in both countries with effects on their performances in the following decades. During the forties, fifties and sixties, Argentina will clearly lag behind Brazil as regards industrial development.

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<sup>2</sup> To evaluate if a given country has passed through a process of industrialization during a certain period, we suggest the use of the following criteria, always over time: (i) the GDP percentage due to industry activity; (ii) percentage of the economically active population employed in industry; (iii) percentage of the taxes paid by industries in the composition of the fiscal structure of the state; (iv) the rise of the industrial output; (v) the structure of the industrial park, especially with regard to the presence of a capital goods sector and to the size of the facilities; (vi) the *status* of the industrialization: whether autonomous or dependent, that is, whether conducted by local investments or narrowly dependent on foreign capital. As one can see, criteria (i) to (iv) are of quantitative nature; criterion (v) concerns the structure of the industrial park and criterion (vi) the position of a given country in the international division of labour. The definition is, therefore, operational since it provides clear criteria according to which one may test if the phenomenon is or is not taking place in a certain context. Such criteria are taken from a number of authors. See, for example, Kiely, 1998; Gerschenkron, 1976; Thorp, 1998; Ffrench-Davis *et al*, 1998, Dorfman, 1983 and Baer, 2008. We will not deal with all these criteria in depth in this paper, since the economic history of industrialization is not our main concern.

According to Rosemary Thorp, in Argentina, in 1945, 1950 and 1955, the industrial production as a percentage of the Gross Domestic Product (GDP) remained at the level of 25%, falling to 24% in 1950, while in Brazil, it steadily increased from 17% to 21% and 23% respectively (1998, p. 153). This trend persists in the following decades, when Brazil overtakes Argentina. In 1960, the industrial production as a percentage of the GDP in Brazil was 28.6% and 24.2% in Argentina. For 1970, the numbers are 32% and 27.5%, respectively. From 1950 to 1970, the participation of the industrial output in the GDP increased 9.0 percentage points in Brazil and only 6.1 in Argentina (Ffrench-Davis et al., 1998, p. 181-185).

A general view of the average annual rate of industrial growth from 1950 to 1980 confirms the superiority of Brazilian performance when compared to Argentina.

Table 1: Average annual rate of industrial growth from 1950 to 1980

	1950-60	1960-73	1973-81	1950-81
<b>Argentina</b>	4.1	5.4	-1.8	<b>3.1</b>
<b>Brasil</b>	9.1	8.5	4.5	<b>7.6</b>

Ffrench-Davis *et al.*, 1998, p. 184.

Between 1955 and 1960, the heydays of Brazilian developmentalism, the difference was all the more staggering. According to Sikkink (1991, p. 210), during those years the industrial output increased at a rate of 12.2% in Brazil and of only 4.6% in Argentina. Data also reveals that the import-substitution process was stronger in Brazil than in Argentina. In the years 1945-49 and 1955-61, the imports as a percentage of the GDP fell in both countries at the rate of 2%. Nonetheless, the share of the consumer goods of the total imports during the same period fell only 1% in Argentina and 9% in Brazil (Thorp, 1998, p. 143).

Important historians of the period summarize this general trend in their writings. According to Ffrench-Davis *et al.*, from the fifties to the eighties there is a shocking disparity among the three largest economies of Latin America: Brazil, Argentina and Mexico. In 1950, the Argentine economy was the largest one, responsible for a quarter of the combined GDP of the region; its output level was 10% higher than Brazil's and 25% higher than Mexico's. However, "due to its poor relative performance between 1950 and the early eighties, Argentina's GDP only grew by a factor of 2.7, while Brazil recorded a sevenfold increase". In 1990, Brazil and Mexico together represented three-quarters of the Latin America GDP. In the same year, Argentine industrial output represented only one-third of Brazilian and half of Mexican output. During the 1980s, Brazil was by far the country with the most advanced capital goods industry in Latin America (1998, p. 177-178).

In a similar vein, Fajnzylber states that in 1950, the share of the industry in the Latin American economy was 20% of the GDP. Four countries were above this level: Argentina (26%), Brazil (22%), Chile (23%) and Uruguay (22%). All these countries, except Brazil, lost pace from 1950 onward. From 1950 to 1978, the industry in the continent grew at a pace of 6.5% per year. In Brazil, however, the industry grew at a rate of 8.5% per year, while in Argentina, Chile and Uruguay at only 4.1%, 3.7% and 2.7%, respectively. These three latter countries represented, in 1950, 41% of the industrial output in Latin America; in 1978, their share fell to 20.5%. During the same period, Brazil and Mexico's industrial production together jumped from 42.1% to 61.8% of the total industrial output in Latin America (1983, p. 151).

However, the disparities go beyond the quantitative differences in the industrial output and in the industrial share of total GDP in both countries. Brazil also performed better than Argentina with respect to its industrial structure and its productivity. For example, according to Baer, in the years 1952 to 1960, the Brazilian incremental capital/output ratio, which measures the quantity of capital needed for a production unity (therefore the higher, the worse), was of 2.3, while in Argentina it was of 15. This significant difference was due to unused industrial capacity in the latter which, in turn, was linked to the absence of growth in the fuel, electrical power and transport sectors, that is, the most dynamic sectors responsible for producing intermediary and capital goods (Baer, 1965, p. 144, footnote 11)<sup>3</sup>.

The question that this paper intends to answer can be posed straightforwardly: Why has Brazil performed better than Argentina with respect to industrialization? The question is even more interesting when one knows that in the early twentieth century the economic starting point of the latter was much more robust (Waisman, 1987, p. 5-9)<sup>4</sup>. To answer this question, this paper is divided into three parts. In the first one, I comment on three explanations one can find in the literature, which, for lack of better terms, I call the “economicist”, the “incidental” and the “politicist” explanations; in the second part of the article, I present three alternative explanations which, if properly combined and ranked, might help us to understand better the differences between the industrial performance in Brazil and Argentina during the period under analysis: the “institutionalist”, the “ideological” and the “elitist” accounts. I argue that the “elitist” explanation is the most important of them, for the other two are logically dependent on it<sup>5</sup>; finally, under the guise of a conclusion, I sketch out four theoretical questions which the cases compared might help us to debate<sup>6</sup>.

### **1. Three remarks to dismiss<sup>7</sup>**

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<sup>3</sup> Data presented by Adolfo Drofman (1983, p. 57-80) and Cortés Conde (2009, p. 6-8) reveal the same trend.

<sup>4</sup> Certainly, the research question of this paper demands a previous enquiry: are Argentina and Brazil comparable? In my opinion, both countries share some similarities and, at the same time, have many important differences. Similarities and differences are, as stated by Giovanni Sartori (1970 and 1991), preconditions of comparison, because, on one hand, two completely identical unities would make comparison meaningless and, on the other hand, two completely different societies would make it impossible. Following in the tracks of Émile Durkheim (1978), we could say that Brazil and Argentina are societies which belong to the “same species”, in the “same development stage”, quite similar in many aspects, albeit different in several others. Although a deeper discussion of this topic would take us further afield, the following comments about which explanations should be dismissed or retained necessarily have to do with the problem of comparison. For a very concise and informative discussion about conditions of comparability, see Landman, 2008.

<sup>5</sup> Many of the points I make in this part of the text were firstly put forward by Kathryn Sikkink’s excellent book (1991). From my point of view, however, the institutional and the ideological factors stressed by Sikkink to understand the success of Brazilian developmentalism when compared to the Argentinean case should be subordinated to the nature of the state elite who seizes the power in both countries after 1930, a subject which is practically absent of her approach. The final result is an exaggerated and misleading focus on Kubitschek and Frondizi period, which blurs the understanding of developmentalism in both countries.

<sup>6</sup> A caveat before continuing: this is not an article written by a historian. I draw on some historical research to discuss theoretical problems that interest me. This explains the essayistic style adopted in this text. Anyway, as many other authors (see, for instance, Giddens, 1994, p. 230), I also think that there are no logical and methodological reasons for separating History and Social Science.

<sup>7</sup> To say the truth, no author openly defends explanations based on one variable only, whether economic or political. That is why I rather use the weaker word “remark” than the stronger one “explanation”.

There are three remarks which, in my opinion, are insufficient to account for the industrialization of Brazil and Argentina and especially for the differences between them.

### *1.1. The economicist remark*

The first is the “economicist” remark. According to this reasoning, the industrial performance of both countries after the 1929 world crisis must be explained mainly through a set of economic variables. Briefly, this account says that external shocks (especially after 1929) drastically reduced the agro-exporter economy’s capacity to import, which, in turn, increased the internal demand for manufactured goods. However, since this demand could not be satisfied by imports, it encouraged a substitutive production of these goods by a relatively diversified industrial park originally created by the exporter economy. Consequently, a diversification and an enlargement of the national industry took place, which subsequently increased the derived demand for capital goods, intermediary goods and imported raw material. This growth of derived demand, coupled with persisting barriers to importation, finally led to a new cycle of substitutive production (Tavares, 1982; Hamilton, 1981; Baer, 1965, p. 44; Skidmore, 1992, p. 20; Love, 1988, p. 7). That is, “Industrialization in Latin America has been closely linked to developments in the balance of payments. Events such as the First and Second World War and the Depression of the 1930s provided strong incentives for local production of manufactures as the supply of imported manufactured goods was either interrupted or prohibited” (Ffrench-Davis *et al.*, 1998, p. 189).

Although the constraints imposed on the balance of payments by the external shocks are undeniably important as a precondition of industrialization in both countries, an economic explanation would be insufficient for ideological, political and methodological reasons<sup>8</sup>.

First, as Sikkink (1991) puts it, industrialization must be perceived as an ideological objective worth fighting for, especially because deepening it demands much more challenging undertakings than the mere protective measures adopted by both governments in the early thirties<sup>9</sup>. Thus, the problem is not only to identify and explain the strategies adopted by the government to promote industrialization, as said by Leopoldi (2000, p. 20), or to understand the state expansion as a necessary response to the crisis of exporter economy and to the industrial boom in its aftermath, as pointed out by Bielschovsky (2000, p., 253-54), but to explain why the state elite has chosen to “promote and consolidate” industrial growth. Industrialization and state expansion are neither a “natural” economic response to the crisis of the exporter economy nor a functional response to systemic needs. They are, to some extent, choices.

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Nevertheless, many authors tend to emphasize certain type of remarks when analyzing the industrialization process in Brazil or in Argentina, a literature which, by the way, is rarely comparative. My point here is that, when put in comparative perspective, these emphasis are problematic.

<sup>8</sup> According to some economists, this kind of interpretation would be debatable even from a strictly economic point of view. Díaz-Alejandro, for example, states that the “backward linkages” assumed by this kind of explanation are very problematic. See Díaz-Alejandro, 1970, p. 208.

<sup>9</sup> As for the Brazilian case, Leff shows that, after 1929, imports substitution through industrialization was not the only way of dealing with the balance of payments problem. Policy makers could have reduced the level of income and consumption to the level of exports receipts instead. However, Brazilian policy makers decided to adopt a much more “activist orientation” because “official preferences and interpretations of the country’s ‘needs’ were very much influenced by a nationalist ideology which dominated Brazilian politics”. Leff, 1968, p. 19 and 51.

Secondly, a heavy industrialization process which goes beyond the spur produced by exporter economy for industries of consumer goods inevitably transforms the social structure, changes the nature of the relations among social classes and redefines the distribution of economic and political assets in society. It is impossible to accomplish such a task without building a political coalition and redesigning the state apparatus. In short, external shocks are probably a necessary condition for industrialization in export oriented economies, but are certainly not a sufficient condition.

Finally, the economicist explanation must also be discarded for methodological reasons, for it would be impossible, following this line of argument, to explain the different industrial performances of both countries. Brazil and Argentina have occupied for a long period the same position in the international division of labor as exporters of commodities; both have suffered in the same way (although sometimes in different intensities) the impacts of external shocks; after 1930, both countries have performed very poorly in their exporter sector, which, in turn, generated a chronic deficit in the payment balance, a huge obstacle for any attempt at heavy industrialization (Love, 1988, p. 5-7). Nevertheless, as we will see, both countries responded very differently to these parametric conditions.

### *1.2. The incidental remark*

Some authors suggest (especially for the Brazilian case) that the industrialization which took place after the collapse of the exporter economy in 1930 must be interpreted as an unanticipated effect of policies essentially preoccupied with curbing the evasion of foreign exchange after the crisis or controlling the activities of external capital. The presence of the state in the economy would have been an undesired result of these unplanned responses to the circumstances. No plans and no regularities whatsoever could be found in this process (for instance, Baer, 1965, ch. 4; Baer *et al.*, 1973; Daland, 1967).

These remarks, nonetheless, are normally based on an extremely demanding definition of “plan” or of “intention”. According to their supporters, unless the decision-makers have a carefully conceived scheme and a clearly manifested intention, we cannot speak of plans and intentions. In my opinion, such a strict definition would make it impossible to find a plan (and an intention) even when there is one at work. The regularities we can find in both countries with regard to the state-building process and to the economic policies are a clear challenge to this kind of explanation. These regularities, however, are of a different type in both countries: in Brazil we find a blatant state-building process whereby many economic agencies of future strategic importance are created, while in Argentina this process is much more modest and less obvious. This difference, in turn, seems to be based on different ideological predispositions, as we will see in the next part of the text.

### *1.3. The politician remark*

A politician remark turns the economicist reasoning on its head. After 1930, the argument goes, a “hegemony crisis” evolved as a result of the crisis of the exporter society. From that moment on, no social classes or groups would be strong enough to impose their political dominance on the others. In these circumstances, any power seizure would be almost immediately threatened by outsiders, who in many cases would succeed in overthrowing the group in power. As a consequence of the “hegemony crisis”, a dramatic political instability would have contaminated the economy. This cycle of instability, the argument continues, would have inevitably produced erratic

economic policy and the “stop-and-go” movement of the Brazilian and Argentinean economy. In the economicist approach, political decisions are automatically derived from economic crisis; in the politicist remarks, political instability automatically produces economic instability (Waisman, 1987, p. 117 ff; Albertini and Castiglioni, 1985, p. 7; Dorfman, 1983, p. 572; Weffort, 1989; Benevides, 1979; Skidmore, 1992; Loureiro, 1997; p. 150-56; Sábato, 1988, p. 245-80)

The problem with this explanation, as well as in the case of the economicist explanation, is a methodological one. Political instability is, in the case of Brazil and Argentina, a common characteristic which cannot serve as a cause of the differences in their industrial development performance. Between 1930 and 1966, Brazil and Argentina have gone through five major presidential changes by a *coup d'état* (except in the case of Vargas' suicide, who otherwise would certainly be overthrown): 1930, 1943, 1955, 1962 and 1966 in Argentina, and 1930, 1937, 1945, 1954 and 1964 in Brazil. Furthermore, an uncountable number of other failed attempts occurred in both countries during the period. Over 36 years Argentina has had 15 presidents, an average of 2.4 years per president; over 34 years Brazil has had 11 presidents, that is, 3.09 years per president. During the same period, Argentina had 31 ministers of the Economy, reaching an average of 1.16 year per minister; Brazil, in turn, had 25 ministers (45 if one counts interim ministers) in 34 years, an average of 1.36 year per ministers (0.75 with interim ministers included). As one can see, political instability is a feature of both countries<sup>10</sup>.

## **2. Three independent variables to rank**

Which are the kind of accounts we should use to explain the differences in industrial performance in Brazil and Argentina? In my opinion, three independent variables should be articulated and ranked if one wants to provide a satisfactory answer to the question asked in the beginning of this paper, namely, an institutionalist, an ideological and an elitist variable.

### *2.1. The institutionalist variable:*

The institutionalist explanation stresses the importance of the institutional aspects of the economic process of industrialization. These institutional aspects, in turn, can be divided into three dimensions for analytical purposes: (i) the state agencies dimension; (ii) the state agents dimension and (iii) the interest representation dimension. In all of them, Brazil has performed better than Argentina.

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<sup>10</sup> To say that political instability cannot provide an account for the differences in the industrialization process in Argentina and Brazil does not imply that political instability had no effect on the industrial performance of both countries. In the case of Brazil, for example, in 1954 the vigorous political opposition led by the liberal party UDN (National Democratic Union) resulted in the suicide of Getúlio Vargas, which postponed the implementation of the automobile industry. See Martins, 1976, p. 412. Data on presidents are from: <http://www.biblioteca.presidencia.gov.br/pagina-inicial-3> and <http://www.caserosada.gov.ar/nuestro-pais/galeria-de-presidentes>; data on ministers of the economy are from: <http://www.sitiosargentina.com.ar/2/ministros-economia.htm> and <http://www.fazenda.gov.br/>. See also Sábato, 1988, p. 246. On the instability of presidents, ministers and presidents of the Central Bank in Argentina, from 1946 to 1976, see Pablo, 1980, p. 31-41 e Pablo, 1983, p. 131-32. According to this author, during this period, Argentina had 13 presidents (839 days per president), 31 ministers of the Economy (347 days per minister) and 30 presidents of the Central Bank (363 days per president). Throughout the book one can find the current evaluation that political instability is a major (sometimes, the most important) cause of Argentinean poor economic performance. See, for instance, interviews with Rogelio Frigerio, Robert Alemann, Felix Elizalde and Aldo Ferrer.

As for the first dimension, the analysis of the industrial development in Brazil and Argentina after 1930 reveals a remarkable difference between both countries regarding the state. In Brazil, we can observe a much more intense and coherent process of economic state agencies-building, which had already began in the early thirties with the creation of the External Trade Federal Council in 1934. In order to get an idea of this difference in quantitative terms, it is enough to mention that, from 1930 to 1964, the Brazilian state created 34 economic agencies whose function was to formulate policies on tariffs, foreign exchange, public enterprises, long-term credit, economic planning and so on. In Argentina, however, we can find only 24 until 1966<sup>11</sup>. As Altimir *et al.* (1966, p. 90 and 114) point out, contrary to Brazil, in Argentina one can observe a weak presence of state in direct activities in the economy and a clear predominance of indirect instruments of economic inducement, such as long term credit policies.

However, the difference between both countries regarding the state-building process is not of course only a matter of quantity and timing, but of quality as well. This difference in quality can be perceived in the second dimension of the institutionalist explanation. In Argentina, the creation of economic state agencies was hardly regular, much less interventionist and, which is all the more important, has not resulted in a professional and stable economic bureaucracy. In the Brazilian case, the role of the powerful DASP (Public Service Administrative Department) is well known: created by Vargas in 1938, it was an institution responsible for a deep (although incomplete) reform of the state towards the professionalization of its personnel and for the preparation of the annual national budget, an attempt to keep it away from the realm of “clientelistic” politics. From DASP and Itamaraty (the Ministry of Foreign Relations) came many of the career civil servants who would regularly serve at the economic state agencies during this period<sup>12</sup>. According to Luciano Martins, this period witnesses the encounter, and frequently the alliance, of two central actors of the developmentalist politics: the military and the engineer, both as members of the state bureaucracy (Martins, 1976, p. 83 and 110).

Under Perón, the period in which the Argentine state has expanded the most, the economic agencies were frequently under the direct influence of the president and most of their members were personally appointed by him for political reasons only. With regard to this point, it is very significant that many institutions created by Vargas have survived its creator, while in Argentina they disappeared after Perón was removed from power<sup>13</sup>. Perón and Vargas were both very strong personalist leaders. However, Vargas

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<sup>11</sup> I define economic state agencies as those national agencies directly responsible for the formulation of economic policies significant to the industrialization process in both countries. These are only tentative numbers for two reasons. Firstly, it is very difficult to clearly define which state agencies are intended to promote industrialization and which are not. For example, with respect to the Brazilian case, the economic defense of the coffee sector had important effects over the industrialization process because it was narrowly linked to the capacity of importing capital goods. According to this, the Coffee National Department (DNC) could be in our list. Secondly, the unsystematic approach to this subject in the literature makes it difficult to establish a precise list of these agencies.

<sup>12</sup> A prosopography of these state agents is already done for the Brazilian case, but it is still in the making for Argentina.

<sup>13</sup> Prebisch’s testimony to the Brazilian economist Celso Furtado is very illustrative with respect to this problem: “Prebisch said: ‘Vargas knew how to form a staff of public officers. He transformed the Brazilian State into a modern structure. But see Perón: he dismissed with a wave a team that took me ten years to form’. To say that must have hurt him. The team he was talking about gave Argentina a lead in economic investigation in Latin America and had made of the Central Bank an internationally admired institution”. *Apud* Donghi, 2004, p. 141, footnote 5. Translated by the author. Lawrence Graham also points out how Vargas was personally willing to strengthen DASP and to recover public



was a paradox, that is, a personalist leader who willingly promoted the routinization of his own charisma by creating institutions whose recruitment process did not depend entirely on his own will. This “bureaucratic-charismatic syndrome” (Martins, 1976, p. 238) did strengthen Vargas’ personal power and the authoritarian features of the regime, but at the same time produced a stable bureaucratic *entourage* comprising competent technicians regarding economic matters. After the end of Vargas’ dictatorship this bureaucratic staff remained and was extremely useful in the building of new economic agencies. It was especially important to Kubitschek’s strategy of circumventing political opposition in the Congress and to the implementation of his *Plano de Metas* (Goal Plan) between 1955 and 1961<sup>14</sup> (Benevides, 1979; Martins, 1976, p. 420).

Therefore, when one analyses the impact of political instability on economic performance it is very important to distinguish two levels of the political process: the overt and ostensible level of macropolitics and the lower and hidden level of state administration. Although Brazil and Argentina were both very instable countries with respect to their macropolitics, Brazil was much more stable than Argentina at the lower levels of administration, especially regarding the state economic agencies. In the Brazilian case, because of the stability at the second level of the political process, the state bureaucracy became the “memory” of the decision-making system and to some extent a guarantee of policy-making continuity<sup>15</sup>.

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bureaucracy from defeats imposed by its political enemies. See Graham, 1968, p. 127, 130 and 143-47. As for the changes in Perón’s nomination to economic offices, see Gambini, 2007, vol. I, chapters 1 and 4 and vol. II, chapters 3 and 4.

<sup>14</sup> One must avoid any kind of lopsided perspective when analyzing the Brazilian administrative history of this period. As Graham (1968, especially chapter viii) and Schneider (1991) show, many of the reforms undertaken during this period fell short of their final objective, which was to implement a full bureaucratic, rational state in Brazil. Many of the traditional features of the Brazilian public administration (overstaffed, sinecures, promotion based on seniority, use of supplementary personnel) remained after the reforms. In this sense, one could say that the “bureaucratic-charismatic syndrome”, identified by Martins, was embedded in a traditional context and Vargas himself made large use of patronage appointments. So it would be more accurate to speak of a “bureaucratic-charismatic-traditional syndrome”. Nevertheless, some important changes did take place and its evidences are the permanence of several institutions created during this period and the technical formation of many officials responsible for managing them. Not only Cepal and the Army were responsible for that, as said by Schneider (1991, p. xx), but also Dasp, Sumoc, Banco do Brasil, BNDE, Itamaraty. In short, considering the Brazilian state as exclusively traditional or entirely bureaucratic is certainly an exaggeration. As for the mix of many “political grammars” inside the Brazilian state, see Edson Nunes, 1997. Regarding the features of Vargas’ political personality, see Wirth, 1970, p. 5-6. As for the capacity of some state agencies to form a technical bureaucracy in Brazil, see Gouvêa, 1994, chapter I.

<sup>15</sup> See Wirth, 1970, p. 4-5; Daland, 1967, p. 92; Fonseca, 1987, p. 367; Bielschovsky, 2000; Martins, 1976, p. 141 e 417; Leff, 1968, p. 98-99 for the Brazilian case; see Mallon and Sourrouille, 1975, p. 9; Romero, 2006, p. 100-01; Albertini and Castiglioni, 1985; Rouquié, 1971 for the Argentinean case; see Sikkink, 1991, p. 180-181 and Fausto e Devoto, 2004 for a comparative approach. “The rise of the *técnicos* to a position of power in Brazilian economic policy formation has been an important element giving internal cohesion and stability to the decision-making process. As note earlier, despite the succession of regimes and all the talk about political instability, the main lines of economic policy were reasonably constant since the late 1940s”. Leff 1968, p. 152. However, as sharply observed by Alieto Guadani on Illia’s government in Argentina (1963-66), a good team of experts is no substitute for lack of political power. See Guadani, 1983, p. 160. To avoid the error of deriving political capacity directly from technical capacity, it is important to make three remarks. Firstly, Getúlio Vargas was able to create and keep this bureaucracy because he stayed in power for fifteen years in a row; secondly, presidents after Vargas either explicitly supported this economic bureaucracy (which was the case of Vargas himself in 1950 and of Kubitschek in 1955) or were unable to fight against it and reverse its developmentalist orientation (as in the case of Dutra and Café Filho); last but not least, this bureaucracy was not only an executive power, but was also very powerful in formulating economic policy proposals

Finally, the Brazilian state was more efficient in establishing what Peter Evans has called “embedded autonomy” (1995). From 1930 to 1964, all Brazilian presidents have continued the “Vargas’ way” of dealing with entrepreneurs’ interest, that is, opening the state agencies to its class association and thus establishing a permanent dialogue with the most strategic sectors of the economy. This corporatist organization of the state was a source of political support as well as of stability for the decision-making process even during the most dramatic moments of Brazilian politics (Leopoldi, 2000).

On the contrary, the Argentinean state is characterized during the period for its lack of embedded autonomy. Anibal Jauregui has shown that in the Brazilian case there was a purpose of strengthening the state and of deepening the interaction between state elite and entrepreneurs’ organizations. Actually, a large part of the agencies created in Brazil during the period were at the same time a corporatist *loci* of interest representation. In the case of Argentina, the opposite occurred. The strong liberal tradition in this country prevented its state elites from adopting a corporatist model. Even under Perón, this kind of representation was never actually implemented, at least as far as the entrepreneurs are concerned. In Argentina, the lack of any mechanism of societal representation was an important handicap of the policy-making process (Jauregui, 2000; Mallon and Sourrouille, 1975, p. 3 and 154; Wynia 1978, p. 15 e 54-79). According to Brenann 1997., p.129, note 83), “Perón, differently from Vargas, never succeeded to establish a profitable cooperative relationship with big industrialists in Argentina, in spite of some attempts towards this objective”.

## 2.2. *The ideological variable*

This institutional infrastructure (or the lack of it) was not a natural response to the economic crisis. It was, in fact, a political orientation based on deeply rooted (although diffuse) ideological schemes<sup>16</sup>. Sikkink has revealed the presence of an ideological atmosphere much more favorable to developmentalism in Brazil than in Argentina, inside the state apparatus as well as in “civil society” (Sikkink, 1991). According to her, the ideological cleavages in both countries were very different.

In Brazil, the ideological field as regards the way of thinking the economy was clearly divided into only two opposed forces. On one hand, economic liberalism had been the hegemonic economic thought since the Empire and reached its heydays during the Old Republic (1889-1930). Nevertheless, even during this period it would be difficult to qualify as liberal the coffee economic policy known as “valorization”<sup>17</sup>. Besides, it is worth noting that an embryonic developmentalist thought among the military and, which is of paramount importance, in the positivist political elite in Rio Grande do Sul already existed.

After 1930, however, developmentalists would clearly (although not easily) dominate the scene. According to Bielschowsky (2000, p. 11-14 and 78-129), developmentalists refused the market as the most efficient *locus* of resource allocation, defended industrialization, protectionism, economic planning and direct state

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and many of its members, the so called “técnicos-políticos”, were strongly engaged in political activities fighting for their projects.

<sup>16</sup> “Ideological scheme” is here simply defined as a set of relatively articulated ideas which work as guidelines for action in all dimensions of the social world. In this sense we can speak of political ideology as well as of social, cultural, moral or economic ideology. Such a definition does not imply any opposition between “false” and “true”, as in certain Marxist traditions. We could also use the word “mentality”, as Martins, 1976.

<sup>17</sup> On the weakness of liberalism in Brazil even before 1930, see Topik, 1988.

intervention as a way to promote industrialization and national autonomy. They found in Cepal (ECLA) a source of theoretical inspiration and systematization, but, as Fonseca (1987) points out, its main ideological features were shared by an important sector of the Brazilian political elite much before the emergence of Cepal. Although the developmentalist field was divided between a nationalistic wing and a much more tolerant group with respect to the presence of foreign capital, they were together whenever it was necessary to defend planning and state intervention against liberal attacks (Bielschovsky, 2000; Martins, 1976, p. 140)<sup>18</sup>.

Besides its hegemony inside the state, developmentalism had a very strong appeal among industrialists as well. Many authors have shown the strong support given by entrepreneurs and class association to the developmental orientation adopted by most of Brazilian governments after 1930 (Sikkink, 1991; Fonseca, 1987; Bielschovsky, 2000; Leopoldi, 2000; Leff, 1968). Already in the twenties some entrepreneurs from São Paulo, the most industrialized state of the country, were in contact with the pro-industrialization ideas of the Romanian economist Manoiulescu expressed in his book *Théorie du protectionnisme*, whose translation to Portuguese in 1931 was sponsored by the Center of Industries (Love, 1988, p. 24). Robert Simonsen, an entrepreneur famous for his developmentalist ideas, was not only an advocate of high tariffs, but also of structural changes in Brazilian economy towards industrialization. On the contrary, in the case of Argentina, defenses of industrial protectionism during this period seems to be essentially an answer to difficult situations created by the lower prices of imported products. According to Donghi, “the search for the historical roots of the protectionism preached by the industrial interest in the 1920’s, and the more extreme one implemented by the Peronist regime after World War II, led to disappointing results” (Donghi, 1988, p. 106). In Brazil, as early as in 1877, the *Sociedade Auxiliadora da Indústria Nacional* (National Industry Aid Society) published an analysis on the detrimental consequences of the international division of labour and defined the Manchester School’s liberalism as an “ideology” that legitimated the domination of peripheral countries by industrial nations (Martins, 1976, p. 81).

It is important to notice, however, that this kind of support was much less solid than suggested by Sikkink (1991). Leopoldi (2000), for instance, reveals the strong liberal orientation of the industrialists from Rio de Janeiro and their resolute opposition to state intervention. This information makes stronger the propositions about the force of developmentalist agents *inside* the state and their capacity to enforce their economic orientation. As for Argentina, James Brennan has shown how inappropriate it is to treat industrialists as a homogeneous group. Actually, when one look at the “industrialist class” in Argentina, what one sees is a class deeply divided by geographical (province *versus* capital), sectorial (traditional *versus* dynamic industries) and ideological (liberalism *versus* interventionism) factors (Brennan, 1997). One fraction of the industrialist class, the small and medium entrepreneurs affiliated to Confederación General Económica (CGE), strongly favored state interventionism for industrialization but, at the same time, was averted to “desarrollismo” because of its reliance on foreign capital (Brennan, 1997, p. 107). The Unión de las Industrias Argentinas (UIA), in turn, represented the big and powerful industrialists from the Capital and was much more

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<sup>18</sup> Vargas embodied this mix of nationalism and cosmopolitanism. As governor of the Rio Grande do Sul, he defended both industrialization as a condition for national autonomy and the role of direct foreign investments in this process. As president of the Nation, he adopted statist solution for strategic sectors of the Brazilian economy – the steel and the oil industries are the most conspicuous examples – and at the same time was very prone to pursue international collaboration through economic missions with the United States (the Cooke Mission, in 1942, and the Joint Mission Brazil-United States, in 1951).

prone to defend liberal economic ideas (Brennan, 1997, p. 113). In short, the ideological landscape of industrialist class during this period was much more complex than the one depicted by Sikkink.

In sum, if one analyses the politics of economic policy in Brazil after 1930, one realizes that developmentalists dominated the strategic agencies in the state apparatus and defined the orientation of economic policy during the period, while liberals constantly tried to overcome them, but failed systematically<sup>19</sup>.

The Argentinean ideological scene is a bit more complicated. According to Sikkink (1991), the pro-industrialist field was not unified against liberals. Actually, the nationalist Peronism was extremely suspicious of developmentalists, who were politically led by Frondizi and theoretically organized by Prebisch and Cepal. This distrust had, of course, deep roots in political facts, since Frondizi and the UCR opposed Perón's government, and Prebisch was advisor of Aramburu's Minister of Economy after Perón was overthrown. Moreover, Perón himself has never been an industrialist. According to many authors, his protectionist policy was much more designed to strengthen the domestic market based on small and medium plants than to expand heavy industrialization. He was a "mercado internista" (advocate of the domestic market), not a developmentalist (Albertini e Castiglioni, 1985)<sup>20</sup>. This economic option was not a result of an opportunistic calculus, but was already a main concern of the G.O.U. (Grupo de Oficiales Unidos), a group coordinated by Perón which gave political support to the 1943 *coup d'état* (Potasch, 1984, p. 187-162). This orientation towards domestic market attracted the political and ideological support from small and medium entrepreneurs, who were reunited in Confederación General Económica (CGE), created by Perón in August 1952. CGE had strong influence on Perón's economic decisions. Its main ideological features were anti-liberalism and nationalism and the defense of small, provincial entrepreneurs' interests, usually against the big companies of the federal Capital (Brennan, 1997, p. 113-131).

The liberal economic ideology is much more deeply rooted in the Argentinean political elite and it also seems that its strength has to do primarily with the compelling success of export economy in Argentina. To a certain extent the previous economic success of Argentina during the heydays of export economy - largely based on the principles of economic liberalism - reinforced the liberal orientation in the future governments (except, of course, under Perón). However, this strong presence of economic liberalism contributed to the creation of resistance regarding the building of institutions necessary to formulate a more interventionist economic policy (Mallon and Sourrouille, 1975, p. 3; Jauregui, 2000; Fausto e Devoto, 2010; Romero, 2006). The result of this ideological force of liberalism was a delay in the emergence of an

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<sup>19</sup> This statement should not mislead the reader. The sheer opposition by developmentalists to liberal thought never implied the exclusion of liberal elites from the realm of power. On the contrary, they were readily co-opted by receiving non-strategic positions inside the state apparatus. On the incredible capacity of Brazilian elites to adapt themselves to changes in political and social situations, see Martins, 1976. Adriano Codato shows how the *Estado Novo* (the authoritarian regime implemented after 1937) created regional institutions that successfully incorporated the liberal political elites even in São Paulo state, the source of the most resolute opposition to the new regime. See Codato, 2008, p. 255-295.

<sup>20</sup> See also ; Belini, 2001; Wynia, 1978, p. 49-67; Waisman, 1987, p. 162; Mallon e Sourrouille, 1975, p. 9; Romero, 2005, p. 256-59; Romero, 2006, p. 116; Díaz-Alejandro, 1970, p. 224-43; Dorfman, 1983, p. 99; Sheahan, John, 1982, p. 7-9; Gerchunoff, 1983, p. 59-68; Cortés Conde, 2009, cap. 4; Severo, 2003, p. 99-112. According to Perón, "One cannot talk about the industrialization of the country without making very clear that the worker must be protected before the machinery or the tariffs are... Once the destiny of the human factor is guaranteed, we will be able to proceed with our plan of industrialization in its tiniest details. *Apud* Severo, 2003, p. 111. Freely translated by the author.

industrialist oriented thought or its sheer absence (Dorfman, 1983, p. 565-72). In the early forties, while Brazil was already discussing the need for economic planning in the famous debate between Simonsen and Gudin (Draibe, 1985, p. 271), Argentina was still stuck in the opposition between natural and artificial industries, as shown by the discussions around the stillborn Pinedos's Plan in 1943 (Waisman, 1987, p. 131-34; Romero, 2006, p. 83-84; Albertini e Castiglioni, 1985, p. 4). Nevertheless, we must make it clear that when we are talking about the strength of Argentine liberalism we are not referring to its electoral power or direct political influence, but as a permanent economic orientation and an option usually preferable to policymakers. During Perón's regime, a real industrializing policy was not taken into consideration and even in the very core of Frondizi's developmentalist government, a radical liberal Minister of the Economy, Alvaro Alsogaray, was imposed by the military (Pablo, 1977, p. 40; Alsogaray, 1990; Frigerio, 1990).

In sum, contrary to what happens in the case of Brazil, if one analyses the politics of economic policy in Argentina after 1930, one realizes that economic liberalism was largely dominant inside the state apparatus, while developmentalists were only a third, distant force on the ideological scene (Romero 2006, p. 126-146). Even during Perón years, one cannot witness a firm and decisive orientation toward heavy industrialization and state interventionism. Although heavily protectionist, his economic policy never pushed to the limits the role of the state in the economy. After 1952, by the way, Perón implemented some decisions which represented a deviation from his early years in office, such as the privatization of companies formerly under state control (the case of DINIE, Dirección Nacional de Industrias del Estado) and the acceptance of partnership with foreigner capital in many economic activities (the most controversial was the agreement with California Petroleum Company) (Belini, 2001, 117-18; Mallon and Sorrouille, 1975, p. 13-14). In this regard, the following passage from an interview given by the liberal economist and former Economy Minister Federico Pinedo in the late fifties is very significant. Answering a journalist's question about his positive reaction to some measures taken by Perón in the last years of his government, Pinedo says: "Pero Perón en un tiempo, al final, después de 1952, vio que por el camino ese no andaba, y entonces tomó algunas medidas relativamente buenas. No era cuestión de combatir lo bueno como se combatía a lo malo" (Juan Carlos Pablo, 1977, p. 219)<sup>21</sup>.

It would be impossible to analyze step-by-step the development of Brazilian and Argentinean economic policy during the whole period in this article. However, I think that there is strong evidence to support that both ideological configurations grossly described above were effective guidelines for the economic policy in both countries.

### 2.3. *The elitist variable*

Our argument so far can be summarized as follows: the differences found in the institutional and ideological contexts in Brazil and Argentina are important conditions for understanding the differences in industrial development in both countries. To some extent, this argument can be found in many authors, especially in Sikkink (1991). However, these two conditions – institutions and ideology – are logically and historically subordinated to a third factor, which is therefore the most important, namely

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<sup>21</sup> "But Peron, at a certain time, after 1952, finally saw that he was in the wrong way and then made some relatively good decisions. It was not the case to fight the good as I fought the evil". Translated by the author. The setback of the economic policy in the second period of the first Peronism is pointed out by other authors. See, for instance, Sidicaro, 2002; Sábato, 1988.

the state elite. State elites are normally overlooked in the literature or even despised, especially in these days of institutionalist hegemony. I believe that choices made after 1930 as regards industrialization can only be completely understood if we consider the “volitional” dimension of the historical process embodied, in this case, by state elites<sup>22</sup>. With regard to this problem, a good point to start with is comparing the meaning of 1930 *coups d'état* in both countries.

According to many authors, the *coup d'état* which overthrew Hipolito Yrigoyen on September 6<sup>th</sup> in 1930 was essentially a conservative reaction of the agrarian and liberal sectors against the menaces to its political and economic hegemony. In this sense, the 1930 *coup d'état* in Argentina did not represent a rupture, but a continuation of the old order. It does not mean, of course, that the political elite which seized political power after 1930 has totally hindered the industrial activities, but it does mean that they had a clear conception of its secondary role in the export economy. They were willing to protect the country's “natural industries”, but strongly rejected any attitude that could favour “artificial” activities and redefine Argentina economic landscape (Waisman, 1987, p. 130-31; Wynia, 1978, p. 23-36; Albertini e Castiglioni, 1985, p. 3-4; Jauregui, 2000, p. 70-73; Romero, 2005; Sindicaro, 2002, p. 28-29). As said by Donghi (2004, p. 145), in spite of some attempts to innovate in the field of economic policy, especially by Pinedo and Prebisch, decisions made in this area were hardly innovative and some of them were very similar to decisions made in many other circumstances in Argentina's economic history. At the end, the republic established after 1930 was still the political expression of the social and economic oligarchy whose upper layers were the stock farmers of the pampas. Economic liberalism would remain hegemonic after 1930 until 1943, when the members of the GOU (Unified Officers Group), and a few years later Perón, ascend to power. However, as already said, this ideological shift, although of paramount importance in many other aspects, did not represent a movement toward heavy industrialization. Actually, Peronism did not represent an institutional rupture regarding the economic agency of the state. Except for the IAPI, the instruments of economic policy used by Perón had already been created by the previous regime, although for quite different social and economic purposes (see, for example, Morales, 1999, p. 46; Sidicaro, 2002, p.55; Sábato, 1988, 172).

The *coup d'état* on October 3<sup>rd</sup> in 1930 had a very different meaning in Brazil. It was similarly a very conservative movement, but of a completely different nature (Martins, 1976, p. 96-120). The political elite that seized power after the fall of the Old Republic has been qualified in many ways, as “fascist”, “corporatist”, “conservative modernizer”, “populist”, “pragmatist” or as “nationalist”. Although all these labels have their share of truth, the most important ideological feature of Vargas and his *entourage*

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<sup>22</sup> Many authors do recognize the importance of political elites and its social and ideological attributes to explain the nature of political events, but they do not actually take them as a research object. See, for instance, Benevides, 1979, p. 207; Waisman, 1987, p. 266 or Dorfman, 1983, pp. 565-68. We do not intend, however, to commit the opposite sin, which would be taking the state elites as demiurgic agents able to shape the world exactly according to their will. Three remarks are important here: firstly, it is undeniable that state elites, as any other social actor, are submitted to objective constraints that cannot be avoided; secondly, to grant importance to elite's ideals and projects does not imply that the results of their actions must be identical to their intentions; finally, structural economic differences such as those regarding the labor market in both countries are also important to completely understand differences in performance. On the complex relationship between intentions and final results, see Merton, 1976 and Boudon, 1993; on the structural differences between the Brazilian and the Argentinean labor market, see Waisman, 1987, p. 254 and Sheahan, 1982, p. 4-6.

was their strong positivist orientation<sup>23</sup>. In this case, if the ideas of Auguste Comte were not a “theoretical foundation for industrial development”, as pointed out by Joseph Love (1988, p. 25), they certainly were seen as a practical guide for administrative and political actions. Two were the cornerstones of these ideas: “state interventionism” and “industrialization”. Its main objective, at the level of state administration, was “rationalization”, meaning the construction of a professional and scientific *corpus* of civil servants<sup>24</sup>; at the level of the economy, state interventionism should be used for promoting industrialization. It is very important to note that this was not a personal attribute of Vargas, but a largely hegemonic ideology inside the Republican Party of Rio Grande do Sul. This type of positivism was shared by the famous generation of 1907, which accompanied Vargas on his way to power after 1930, and which included people such as João Neves da Fontoura, Flores da Cunha, Lindolfo Collor e Osvaldo Aranha. These young politicians criticized the old oligarchy for being incapable of thinking the country as a political unity instead of a patchwork of regionalisms. They were also resolute advocates of the economic modernization of the country (Martins, 1976, p. 100).

The practical consequences of this ideological orientation can be seen at the regional level, before Vargas has become President. When governor of the state (1928-1930), Vargas implemented many “developmentalist” policies, such as the foundation of a regional development bank, the creation of research institutes for the modernization of agriculture, incentives to external investments in railroads and meat packing plants, the organization of the rural sector to establish a more reliable channel of bargaining with this strategic economic group and so on. When he became the president of the nation the same orientation prevailed in his administration, which was marked by an industrialist thrust and an attempt to rationalize the structure of the national state.

The first Vargas period, which spanned from 1930 to 1945, was a period of institutionalization of many state agencies and state practices that would endure for a long time in Brazilian history. In other words, the state apparatus during (and after) Vargas’ years was the materialization of the developmentalist mentality<sup>25</sup>. After 1930, the presence of the state in the economy was a parameter framing the general features of economic policy. According to it, the state should not only regulate economic activity, but also take direct control over strategic industries. The statist solution for the steel and the oil industries in Brazil, for example, was devised already in the early thirties (Martins, 1976, chapters V and VI). As far as we know, nothing like that happened in Argentina. Even under Perón, the state as entrepreneur was never a desirable objective, as it is clearly shown by the privatization of the state enterprises (DINIE) in the early fifties. The developmentalist ideology in Argentina was not only weak in political

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<sup>23</sup> The following remarks are largely based on Fonseca, 1987, p. 43-143. Joseph Love is probably right when he says that “positivism” was a widespread ideology in Latin American, especially in Chile, Mexico, Argentina and Brazil (Love, 1988, p. 11). However, in Brazil it did become a practical guide for political action.

<sup>24</sup> According to Martins, “La réorganisation de l’administration publique est une des tâches dans lequelles les révolutionnaires de 30 se sont lancés avec le plus de plaisir”. See, Martins, 1976, p. 281. “The public administration reform was one of the tasks the 1930 revolutionaries were most willing to undertake”. Translated by the author.

<sup>25</sup> According to Joseph Love, “in Latin America, industrialization was fact before it was government policy, and policy before it was theory” (Love, 1988, p. 27). In my opinion, in Brazil, intentional industrialization, that is, the industrial growth promoted by the state and not only by the dynamics of the exporter economy, was “mentality” before becoming government policy. Certainly, this mentality turned into reality only because a material basis made it plausible.

terms, if compared to other economic ideologies, but was also extremely dependent on the personalist performance of Frondizi and Frigerio. It never became materialized inside the Argentinean state apparatus. In 1958, When Frondizi was elected, Brazil already had a developmentalist state, while Argentina was very far from that<sup>26</sup>.

Consequently, the 1930 revolution in Brazil was an “industrialist revolution” not because members of the industrial bourgeoisie would have led the process (they have not), but because a group of men sharing a common ideology – the political positivism – saw the rationalization of the state and the economic development as two fundamental targets of their political action. They embodied, according to Martins (1976, p. 363), an “industrializing mentality” willing to transform the “unintentional industrialization” fostered by the exporter economy in an “intentional” process of economic modernization. It goes without saying, however, that the final result of their action was not a precise reflex of their initial intentions, but it sure was a result that would be completely different if the winners of 1930 were from a different political group<sup>27</sup>.

### **3. Some theoretical questions:**

I intend to be very brief in this part of the paper, for I only want to identify some theoretical questions which the aforementioned analyses could help us to explore. My main interest in this kind of comparison does not lie in the details of the events, as might have become clear from the rather rough summary of the historical facts I’ve included above. Nevertheless, I believe that that summary allows us to discuss some important theoretical and methodological questions in Political Science.

(i) Gerschenkron thesis: I think the historical comparison of industrialization in Brazil and Argentina – that is, the exhaustive comparison of only two cases – could contribute to strengthen a classical theoretical statement made by Gerschenkron (1976), according to whom the later the industrialization of a country, the more it will need state intervention to promote it. Furthermore, that the direction of the state intervention is linked to the presence of state elites willing to enforce developmentalist decisions. Although much more research on this matter is necessary, I think the proposition that

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<sup>26</sup> I use the concept of “developmentalist state” as formulated by Adrian Leftwich, 1995, p. 401. According to him, the institutional structure of this kind of state is “developmentally-driven” and its developmentalist objectives are “politically-driven”, that is, motives such as nationalism, regional competition or the desire to emulate the Western world are important determinants of the state action. These states have enough power, autonomy and capacity to enforce explicitly developmentalist objectives. The features of a developmentalist state (as an ideal type) are: (i) a small, integrated, bureaucratic and centralized “developmentalist elite” which controls the economic policy decision-making process; (ii) a relative autonomy before special interests (class, regions, and economic sectors interests); (iii) a well trained economic bureaucracy working in insulated state institutions; (iv) a weak civil society; (v) the strengthening of its autonomy before national and foreign capital becomes influent and (vi) a capacity to repress social movements and at the same time to build legitimacy based on positive economic performance. Although the concept is specially formulated to account for some Asian cases, I do believe it is also very useful for understanding Latin American experience. We think that the Brazilian case contemplates, to some extent, features i, ii, iii, iv and vi, while the Argentinean case contemplates none of them.

<sup>27</sup> The debate on the economic nature of the 1930 revolution is usually based on the misconception that the economic meaning of a revolution can be directly derived from the social attributes of its leaders. Consequently, the empirically verified absence of industrialist in the revolutionary leadership would be enough to prove the non-industrialist nature of the movement. For a summary of this kind of interpretation, see Bielschovsky, 2000, p. 249-51. See also Martins, 1976, p. 90 e 112. As for the integrating effects of the developmentalist ideology in the economic bureaucracy, see Leff, 1968, p. 128 and 139-153.



Argentina's worse performance has to do with the delay and the weakness of the state intervention because of the absence of developmentalist elite is quite plausible.

(ii) Bendix thesis: One important theoretical benefit of comparing few cases is to obtain a better understanding of the particular ways whereby "sociological universals" are implemented (Bendix, 1963, p. 535). Industrialization, as a theoretical concept, is too abstract and its occurrence narrowly depends on particular historical contexts. As we tried to indicate in the case of Brazil and Argentina, ideological and political singularities are of paramount importance to a complete understanding of the industrialization of both countries.

(iii) The relationship between elites and institutions: Political Science, as well as social science in general, is hindered by fruitless antinomies from time to time. One current antinomy is the opposition between political institutions and political agents, largely found in rational choice theory. According to this theoretical approach, the social and cultural backgrounds of social agents are far less important (or not important at all in more radical versions of the theory) for explaining their behavior than the rules which regulate their institutional context. The comparison between Brazil and Argentina reveals the weakness of this proposition and suggests that a more complex approach would be worth trying. In the case of Brazil, 1930 is a very crucial historical moment in which a new state elite seizes the power and begins a long process of institutional-building. The main characteristics of this process have very much to do with the social and ideological background of these elites. On one hand, I think it is not an overstatement to say that the "developmentalist state" in Brazil is a consequence of those backgrounds. On the other hand, the state agencies created during this period were stable and efficient enough to produce a new, although small, group of state agents: a stable and professional economic bureaucracy with a new *ethos* which would bear the reproduction of the developmentalist ideology inside the state in the forthcoming years. The case of Argentina can be read in an opposite way: the absence of a developmentalist elite was an enormous obstacle for the appearance of developmentalist institutions inside the state, which, in turn, was unable to produce a new type of state agent. In short, both cases show institutions as dependent variables produced by state elites and as independent variables able to produce and reproduce social practices inside the state over time.

(iv) Elites and crucial moments: as a consequence of the aforementioned statement, the historical role of the state elites, regarding both social change and social reproduction, can be better observed during crucial moments, that is, moments of historical inflection in which the creative potential of human action is less constrained by stable and legitimate institutions. Once this "period of relative freedom" is gone, institutional rules tend to impose themselves and stabilize social practice. In this sense, the production and reproduction of developmentalism in Brazil (or the absence of it in Argentina) is intimately linked to the crucial year of 1930.

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