Ibero-Americana, 1978, Vol. VII:2/VIII:1, pp.

CAPITALIST DEVELOPMENT AND THE STATE: BASES AND ALTERNATIVES*

FERNANDO HENRIQUE CARDOSO
CEBRAP, Director
Visiting Professor at the Universities
of Cambridge, Paris and Princeton

The more developed countries of Latin America are attempting to define foreign policy objectives which take advantage of contradictions in the international order and allow these countries some independent policymaking. But these countries remain dependent and assure an internal social order favorable to capitalist interests and consequently fail to challenge one of the basic objectives of American foreign policy. Multinational enterprises continue to receive support from the foreign policies of their countries of origin, as well as from local states.

How can these contradictory forces act together?

It is through contradictions that the historical process unfolds. Dependent development occurs through frictions, accords, and alliances between the State and business enterprises. But this type of development also occurs because both the State and business enterprises pursue policies which form markets based on the concentration of incomes and on the social exclusion of majorities. These processes demand a basic unity between these two historical actors as they confront popular opposition which may be activated when nationalist or socialist movements question the existing social order. So, the conflicts between the State and Big Business are not as antagonistic as the contradictions between dominant classes and people.

---

* This article is part of the *post-scriptum* specially prepared by Fernando Henrique Cardoso and Enzo Faletto to be included in the English and German editions of the book *Dependencia e Desenvolvimento na América Latina.*

doi:https://doi.org/10.16993/ibero.283

Within the last ten years, the fortification of the State and the penetration of multinational corporations occurred within the context of a new set of class relations. On one hand, attempts were made to break (sometimes radically) with the global situation of dependency, with the aim of transforming society in the direction of socialism. On the other hand, dominant classes were recorded, with emphasis placed on the repressive role of the State and on the simultaneous transformation of the State into a tool for the fortification of the capitalist economic order.

The exhaustion of the prior populism and the aggravation of class tensions gave rise to various political attempts to break with the prevailing style of development. In one form or another, durinig the past decade, the politics of Latin American popular forces were profoundly marked by the presence of the Cuban revolution. The shadow of Guevara's deeds and the quasi-substitution of the process of mass politics by the military actions of guerrilla groups (though this was not implicit in their theory) considerably polarized Latin American revolutionary movements. These attempts failed nearly everywhere, — the only exception of consequence being the case of Argentina, where the two principal guerrilla currents were not completely dissociated from the remaining socio-political movements. Though not constituting a real political power alternative, the guerrilla of Argentina exerts a certain veto capacity, conditioning other political movements and attempts at reformulating class alliances.

Attempts at radical rupture with the capitalist-developmentalist path were not limited to the politics of guerrilla. The Chilean popular unity of the Allende period, as one case, and the Peruvian military reformism, as another, were reactions based on broader popular forces to development that ist tied to international capitalist-oligopolistic expansion. In both cases the State was viewed not as a "bourgeois institution" to be destroyed, but as the lever for a possible total transformation of society, on condition that its control remain in the hands of popular forces.

Both the battle between classes and the basic dependency relationship find in the State a natural crossroad. The contradiction of a State which constitutes a nation without being sovereign is the nucleous of the subject matter of dependency. Our rereading of history has proceeded throughout the book toward specifying the fundamental historical actors: classes and groups defined within specific forms of production. Now, after ten years of reasonable rates of economic growth, the expansion of global commerce, the industrialization of important segments of the periphery of the capitalist world and the strengthening of the state productive sector, the problem unfolds in a more complex manner. *Strictu sensu*, the capacity for action of various Latin American states has increased. In this sense, one might consider that they are "less dependent". Our concern is not, however, to measure degrees of dependency in these terms — which

fail to ask, "less for whom? for which classes and groups?" Which classes have become more sovereign? Which alliances and class interests within each country and at the international level lead the historical process of economic development?"

If the State has expanded and fortified itself, it has done so as the expression of a class situation which has incorporated both threats of rupture with the predominant pattern of capitalist development, as we have said, and policies of the dominant classes favorable to the rapid growth of the corporate system, to alliances between the State and business enterprises, and to the establishment of interconnections, at the level of the State productive system, between "public" and multinational enterprises. To accomplish this, the State has assumed an increasingly repressive character, and dominant classes in a majority of countries have proposed policies increasingly removed from popular interest. They have rendered viable a "peripheral" capitalist development, adopting a growth model based on replication — almost in caricature of the consumption styles and industralization patterns of the central capitalist countries. The tendencies indicated in the previous chapter developed with increasing velocity, achieving successes for that style of development (the "Brazilian miracle" and the type of growth which occurred in Mexico until 1970, are notable examples of the trend). Given conditions in Latin America, this process, while producing economic growth, urbanization and wealth, has redefined without eliminating, or else in certain cases, has aggravated the existential, social, and economic problems of a majority of the population. This majority has come to be looked upon as a resource for the accumulation of capital more than as the effective potential for the creation of a society modeled on its own interests.

Under these conditions, the State and the nation have become separated: all that is authentically popular, even if lacking the characer of specific class demands, has come under suspicion, is considered subversive, and encounters a repressive response. In this vein, even problems which Western capitalist democracies confront and absorb, like the discussion of income distribution, minority movements (blacks, indians, migrants, etc.), feminist or youth demands (not to mention the freedom of syndical and political organization) appear threatening to the existing order. From the perspective of the dominant classes, the Nation has become increasingly confused with the State and the latter in turn has identified its interests with theirs, resulting in the confusion of the public interest with the defence of the business enterprise system.

Local dominant groups in Latin America responded to the external influences on economic growth and to the need to guard against attempts to transform the prevailiing order, with an amalgam between a repressive State (often under corporate military control) and an entrepreneurial State. What lends dynamism

to this form of State and what characterizes its movement, it *not* the bureaucratic aspect which it may have assumed in some countries (Peru, Mexico, Brazil, Chile), among the most characteristic cases), but rather its *entrepreneurial* aspect, which leads it to ally itself, in production, with the multinational corporation. Somehow, the State has become a strategic element, functioning as a hinge that permits the opening of the portals through which capitalism passes into industrializing peripheral economies.

A State which expanded the public sector *at the same time* that it intensified relations between the latter and the multinational corporations began to develop with the accords on the "chilenization" of copper proposed by the government of Frei. The proposal was uncommon in the statist tradition of Latin America: the connection with foreign enterprises would be made via their association, not with the local bourgeoisie, but with public enterprises created by the State, which come to function as *corporations.*

The generalization of this model, in Brazil, in Mexico, in Peru, in Venezuela, etc., transferred the conflicts *among associates* to a more directly political sphere. In addition, it married foreign interests with the local bourgeoisie, and in certain countries, with the interests of local states insofar as they were direct agents of production, as occurred in Brazil, in Mexico, and, to a lesser extent, in Venezuela. The consequences of this process are enormous and are far from having been exhausted by historical practice or by analysis. The character of this state-as-entrepreneur and of the state associated economically with imperialist forces without being a politically associated state has lent to the contemporary form of the state a significance different from that which it had until mid-1950.

What is novel is the expansion of the State's direct productive investment in capitalistically profitable sectors. While state investments in these sectors originally came about with resources obtained through taxes and duties, they subsequently reproduce and expand through the *profits* generated by the state enterprises (petrochemicals, mining, direct consumer goods, etc.). In countries like Brazil, Chile, Colombia, Peru, Mexico, and Venezuela the public sector contributes more than fifty percent to the annual formation of capital, with the remainder contributed by private national and foreign enterprises. Of this total, in a majority of these countries, the *state enterprises* (as an individual portion of public expenditure) constitute more than half of the investment of the public sector: in Brazil, in 1975, this figure exceeded thirty percent of total investment (public and private). Also in Brazil, the only two local enterprises which, by the scope of their action, could hope to qualify as multinationals (aside from the Itaipu hydroelectric corporation) are state enterprises; the Vale do Rio Doce and Petrobras. Counted among the largest enterprises operating in Brazil, in terms of assets and the value of production or trade (and leaving foreign enterprises aside) are not the enterprises controlled by local private capital, but rather those

of the state. In 1975, fifty-six of the hundred largest Brazilian enterprises were stateowned.[1]

The role of bureaucracies and of technocrats is considerable in practically all of the industrialized countries of Latin America. In a penetrating essay on this subject,[2] Guillermo O'Donnell attempts to show the nature of this form of regime and the conditions under which it emerges. He points out that regimes of this type established themselves in the region as the response of local dominant classes to the challenge presented by the mobilization and pressure generated by the collapse of previous political orders (either populist or traditionally authoritarian). He adduces further that this collaps occurred when economic difficulties that followed the import-substitution stage of industrialization created an inflationary situation and led the economy into an impasse. Its solution required, aside from stability to ensure economic predictability, additional capital flows and greater entrepreneurial centralization in order to proceed along an oligopolistic route toward the continuation of the process of accumulation and toward the development of productive forces. O'Donnell concludes that, for all of these reasons, there exists a relationship of "mutual indispensibility" between bureaucratic-authoritarian states and international capital (which needs to penetrate local economies and which possesses the technological and financial requisites to undertake the "deepening of development").

The lack of local private investment potential, the political need to prevent multinational corporations from singlehandedly appropriating the most strategic sectors of the economy and their most dynamic branches, and even, at times, the nonexistence of international capital flows to attend to the investment needs of peripheral countries during any given period (since multinationals act on a global scale, aiming at maximizing results and not toward the continuity of local development), has led local States, despite the capitalist ideology they defend, to expand their functions and thereby to create a national basis from which to bargain with the multinationals. In this process, neither the decisions of the State nor the pressure from multinationals excludes local enterprises from the game. But in practice these local enterprises continue to lag behind the principal agents of transformation: the multinationals and the State. By the very force of expansion, new investment prospects do at times open-up for segments of the local bourgeois sectors. Some of these return to the political-economic offensive,

---

1 It should be made clear that despite the importance of the role of the State productive sector in the Brazilian economy, foreign enterprises control between forty and fifty percent of the large groups, according to measures of fixed assets, liquid assets, employment and invoicing.

2 O'Donnell, Guillermo — "Reflexiones sobre las tendencias generales de cambio en el Estado burocratico autoritario". Buenos Aires, CEDES, 1975.

often allying themselves with the multinational enterprises in the "anti-statist" struggle.

This summary of contemporary development lies within what we preceived as possible ten years ago. The role of the State and how it supports itself in industrialized-peripheral countries has become more clear, however.

If it seems necessary for the State in a dependent-capitalist country to become bureaucratic for expansion to be viable, then the risk is run of relying on economic reductionism which cannot take account of the historical processes.[3] For example, it may be true that Argentina's General Ongania had a corporativist political plan which tended to bureaucratize the state apparatus and implement repressive policies. Nonetheless, the Cordobazo — a mass rebellion — together with the force of the labor movement, peronism, and the enunciations of guerrilleros and revolutionaries prevented Ongania's plan from working. President Lanusse later proposed a pact with peronism which aimed at preventing an alliance between revolutionary movements and the peronist masses which would have been dangerous to the capitalist order. After Peron's death, the inability of a government controlled by a mass bureaucratic party to thwart the revolutionary challenge led to the coup of General Videla. Was this coup an implementation of a bureaucratic-authoritarian regime based on the dynamism of Public Enterprise? Not necessarily. In the Argentinian case, social classes and the private economy constitute a force which until now has escaped the political-corporativist control of the State (though the labor movement and labor unions contain corporativist ties). Corporativist projects expire under syndical pressures and under the economic pressures of export sectors when these demand free market prices (one of General Videla's first acts was to remove the commercialization of meat from state control). In the Argentinian case, in moments of advancing revolutionary pressures, the State has assumed a repressive-military form, without until now having produced a stable bureaucratic-authoritarian regime.[4]

In Venezuela and Colombia, especially in the former, the State is promoting ties between multinational enterprises and the public sector to strengthen the public sector, but without a bureaucratic-authoritarian regime. To be sure, it

---

[3] We are not referring here to O'Donnell's analyses. There exists in these (especially in "Notas para uma explicação histórico-comparativa", Notes for an historic-comparative analysis, mimeo.) a vivid effort to demonstrate that the "mutual indispensibility" between oligopolistic accumulation and bureaucratic-authoritarian regimes, passes through the sieve of class struggles and through the accidents of history.

[4] On the contradictions in the recent evolution of the economy and politics of Argentina, consult O'Donnell's text, referred to above. The alliance between part of the local bourgeoisie and the popular-worker movement constitutes, for that author, a defensive alliance whose limits emerge clearly when the cyclical oscillations of the economy lead agro-exporting sectors to demand corrections in the economic policies proposed by this alliance.

represses the challenge of "outlaws", as does every dominant order. But it does not exclude party politics, the representation of interests, and some public freedoms. These are examples of a pact of domination favorable to big business in a situation of class conflict in which a formally democratic regime does not give way to emergence of more repressive forms of political organization.

The Argentinian example demonstrates the "open process" of history. A simple "structural" analysis, demonstrating the contradictions between social forces and the drawbacks of the process of accumulation with its cycles and crises is insufficient to explain the concrete course of political events. Nor does it suffice to point out the affinities and battles among dominant classes and the plans for political institutionalization which they support. It is even insufficient to view the political behavior of ruling classes in terms of reaction to a popular challenge. Popular reaction, under the guerrila form, as we saw in Argentina, was capable of conditioning and of vetoing but not of transforming the political structure. There have been no viable alliances capable of imposing a form of State which could recuperate, not only the aspiration to sovereignty but the primacy of the popular interest. The incapacity for hegemony of popular groups adds to the repressive capacity of dominant classes the fatal ingredient which leads to a policy of advance and retreat within the iron circle of prevailing structures.

In Brazil and in Peru, the fortification of a formally bureaucratic-authoritarian order can be seen more clearly. The State in Brazil does not adopt, as an ideology, the authoritarianism which it practices. Thus the regime is guided by a duality of principles: the Constitutional order which anticipates, for example, elections, and the Institutional Acts which transform the military president into de facto dictator, as long as the political order is perceived to be threatened, according to criteria determined by the organs of military security. Despite these instruments of discretion, the failure to explicitly recognize the validity of an authoritarian order leads the regime into the exercise of electoral practices which at times jeopardize authoritarianism. The government dismantles the very "legal" order which it created, by impeding the rotation in power of the two parties, by eliminating elected deputies, by going against the "democratic ideal".

In Peru, where the regime is clearly non-participatory, the qualifying phrase "bureaucratic authoritarian" is more immediately applicable: public enterprise and the State as a bureauratic organization both expand while remaining under the control of the military corporation. Meanwhile, social and economic policy in Peru, while not revolutionary, is not incomeconcentrating, if compared with what occurs when the multinationals and the private sector of the local economy direct the process of accumulation. In addition, political control does not assume traits which are abusive of human rights, as occurs in Chile and in Brazil.

The contradiction between the State as the agent of capitalist enterprise, and the Nation as something which is essentially popular, follows a movement which is not only different, but *opposite*, in the recent history of Peru and Brazil. Though the Peruvian State may be bureaucratic-authoritarian, its policies are oriented toward the incorporation of the masses, or at least toward the partial consideration of peasant and popular interests. These objectives may have been frustrated and difficult to secure within a policy which stifled the spontaneity of popular reaction, congealed political parties, and harbored seeds of military-bureaucratism. However, its ideology and what it has done to reorganization of the socio-economic order distinguish the Peruvian State from that of the bureaucratic-authoritarian State of Brazil.

Political regimes vary, as does the relation of bureaucratic-authoritarianism to the social bases of the State (viewed as a pact of domination). Nevertheless, the current form of dependency and the crucial role performed in it by multinational enterprises and by the state productive sector are no accident. It is necessary to draw a distinction between the State, as a basic pact of domination (and not as the expression of a "social contract") which unites dominant classes in the exercise of domination over the rest of society, and the variable forms assumed by political *regimes*. The State expresses a situation of domination, reflects the interests of dominant classes, and expresses their capacity to impose themselves on subordinate classes. At the same time this discriminatory relationship (the domination of one part over the rest) must appear to the national consciousness to be the expression of a general interest. Consequently, the State constitutes a relationship of domination incorporating an *ideology* which masks that partiality. This process is not a simple distortion: it must also mirror, in some way, the generality it wishes to represent. Hence, even the most openly classist and repressive States use a language and propose policies (generally nonviable) which purport to reflect the "general interest".

So, the State expresses the imposition of one class or alliance of classes over others. But while it serves those interests on which it bases itself, the State proposes measures which lend verisimilitude to the "generality of interests" which it must assume to exist (people, equality, nation). In addition to expressing a relationship like this at this level, the State is also a bureaucratic-regulative organization and, in the case of modern states, becomes even a productive economic organization.

To summarize, any State, through bureaucratic and productive organizations, expresses a relationship of class domination (and consequently has social bases), assumes an ideology as if in the common interest, develops and implements policies which respond to the fundamental pact of domination. But also lay claim to attend to the aspirations of dominated groups. Officials of the State (notably in the judicial sector) have to adopt both an ideology of equality and

generality ("all citizens are equal before the law") and a practice in which dominant interests impose themselves.

In the industrialized countries of Latin America which we are considering, the State embodies an alliance between the interests of the internationalized sector of the bourgeoisie and those of public and entrepreneurial bureacracies. Local bourgeoisies link themselves to these sectors. In part, the State in dependent capitalism generates its own social base, since its productive function is to assure capital accumulation, and since in performing this function, it creates a sector of public entrepreneurs. At times this stratum is called the "state bourgeoisie", to emphasize that these social agents are neither simple bureaucrats, nor do they simply implement the "public good". They function, sociologically, as the "officeholders of Capital". For they support the accumulation of capital in the State Enterprises. Both the accumulation of capital by public enterprises and the placing of all of the national wealth (mineral ore, impounded taxes, lands, roadways, etc.) at the disposal of private capital are fundamental requirements for the advancement of associated-dependent capitalism.

The State extends a bureaucracy, and bases itself on a civil and military technocracy. The latter carries out the interests which are expressed by the State. Certainly, an inversion of this relationship can occur. The actors may occupy prominent positions on the political scene. The military bureaucracy may predominate in the control of the State. But in the end, long term policies must be compatible with the social bases of the State. In the realization of policies of accumulation and development, though the bureaucratic framework may be in the hands of a technocratic-bureaucracy or a corporative military (together or separately) the nature of the dominant state relationship develops via the strengthening of the alliance between the local entrepreneurial sector, associated with the multinational foreign enterprises, and the state productive sector.

The same fundamental alliance which constitutes a dependent industrial capitalist State may organize itself institutionally within a context of authoritarianism, restricted democracy, or totalitarianism. There is little credibility in its structural compatibility with substantive forms of massdemocracy, populism, or even traditional caudillo (bossist) authoritarianism, since in these regimes the requisite policies leading to the expansion of industrial dependent capitalism become difficult to implement, because of masses interests in economic redistribution and political participation.

Not that Venezuela, Colombia, and Argentina will *necessarily* have to adapt themselves to the Brazilian or Peruvian bureaucratic-authoritarian model. These last two regimes are themselves quite different, both in the nature of their policies and in the nature of their respective social bases. The bureaucratic-authoritarian *form* of a regime like that of Brazil is not the *only* one capable

of adapting to the "present stage" of capital accumulation. Economic reductionism in this case would fail to consider the changes which might occur from government to government (with, I repeat, the basic State Pact maintained). There are many factors which function as sources of dynamism in history: (a) circumstantial factors such as explosions of collective protest (the 1974 Brazilian elections provide an example different from the Cordobazo, because the correlation of forces differs in the two countries), (b) struggles within dominant sectors, (c) the emergence of objective economic challenges (recessions, soaring inflation, a "new stage" of import substitution in the capital goods sector, for example), (d) the ability of the governing group to resolve problems and the oppositions' ability to debate them, and so forth. Not all changes are always possible, to be sure, nor do political forces capable of taking advantage of opportunities for transformation always exist. But even in bureaucratic-authoritarian regimes and even with the persistence of the alliance which underlies the State, there is room for regime-types to vary historically. What is at issue is not just a "mere change in form". The differences between a torturing autocratic regime and a "restricted democracy" arise out of the very possibilities for struggles among classes and they in turn influence the historical opportunities of the dependent capitalist-industrial State. The emergence of Allende's government in Chile and in the systematic physical destruction of leftist groups in Argentina are examples of such differences.

A basic problem exists, posed by the present moment and by Latin American situations of dependency: the very penetration of multinationals requires a State which is capable of furnishing the multinationals with the resources for accumulation. So national wealth is necessary for foreign private accumulation. But this process is contradictory: for this to work, the State must fortify itself and have to expand its functions both at the administrative and economic level, in this way increasing its prospects for sovereignity. Faced with the political challenges of dominated classes to radically reorder society, this entrepreneurial-regulative State militarizes itself, becoming even stronger and more autocratic. At this point the relative loosening of ties between the State and its *social base* may occur, which the economically ruling classes may perceive as a risk of "bonapartization" of the State. The spectrum of this perceived risk ranges from the emergency of a new Peron to a "mythical Peruvianism" which would lead the armed forces to ally with the people. In the process of exercising sovereignty and equipping the State with entrepreneurial skills, which allow both international and local accumulation, the entrepreneurial-repressive State *dissociates* itself from the Nation. *This* is the specific contradition in the current form of Latin American dependent development.

There may have been a redefinition of the "forms of dependency", in certain Latin American countries there may be "less depndency", and the State in these

countries may be capable of exercising a greater degree of sovereignty. But for us, what is at issue is the nature of class conflicts and alliances which the dependency situation encompasses.

As we stated previously, the political struggle revolving around the State shows what is essential in this form of dependency: the style of development of the possibility of alternatives depends upon the resolution of this question of the State. In the Chilean Popular Unity, in Peru, and in the Popular Assembly of the Torres period in Bolivia, popular forces or forces with popular intentions momentarily assumed control of the State. We find, in these cases, ambiguity about what constitutes the "popular" and unanimity regarding *national* demands. The fundamental challenge of the present moment in Latin American social development consists in linking these two aspects of radical political movements — the popular and the national, and in getting to the bottom of the opposition between the popular and the proletarian. What is specific to the Latin American situation of dependency is the difficulty in conceiving of a political passage to socialism via a strictly proletarian route, given the structural conditions of industrial capitalism in the periphery.

These questions, however, are not posed today as they were during the populist period. The advance of mass industrial society, urbanization, the revolution in communication, even the situations of dependent-*development* themselves, pose the political question of popular participation in such a way as to *exclude manipulative links with dominant classes via the State* as an option. Such links were the basis of populism's policy. The internationalization of production and of the market have advanced and the State productive sector has expressed itself in capitalist form. For the ruling groups, the Nation is embodied in the State as the stimulus for an enterprise economy. But, at the same time, for dominated classes, the paternalism of the traditional Latin American State (in both the oligarchical and populist versions) has been broken. Although politically frustrated, the guerrillera did serve the function of disrupting this paternalism, and putting an end to manipulative types of alliance which once tied the people to the State in the name of the Nation.

The practical issues which will permit development of an alternative type of State involve 1) knowing which course "substantive democratization" must take to affirm what is essential in the national and the popular and free from the rancidity of bureaucratization and authoritarianism, and, 2) knowing how to balance the need for organization and the vitality of spontaneous mass behavior. As in any case of social transformation, such questions go beyond analysis and anchor themselves in values: they are projected into the future to assist the practical escape from a situation which reinforces he prevailing exploitative order. Is it not within he boundaries of this book to pursue these questions. It is barely within those boundaries to point out, as we have, that social practice in Latin

America has already begun to deal with these questions (even if in experiences which failed).

Researchers have directed their attention to ideology and corporativist forms in Latin America.[5] It appears to us that the fusion between Enterprise and the State, both of them based on bureaucracies, and the role of armies in Latin American regimes underscore the corporativist ties between the State and Society.[6] During certain periods of political life, the relationship between Civil Society and the State seems to dispense with the mediation of parties: classes just appropriate segments of the state apparatus to defend their interests with. Sometimes connections are formed via "bureaucratic rings" which are organized around high officials (cabinet ministers, generals, etc.) and articulate the immediate interests of enterprises, government bureaus, the press, sometimes unions, repressive groups, etc. around some specific policy or issue. In bureaucratic-authoritarian politics these semi-formal structures substitute for an organization which is more stable and representative of class interests — namely parties. Particularly when regimes are centralized and positions at the top are decisive in the articulation of interests (Mexico, Chile, Brazil, Peru), bureaucratic rings seem to constitute the form of political linkage which establishes connections between Civil Society and the State. The linkage is not very stable, since the key official can be dismissed and the ring thereby broken.[7]

These formal aspects of the juncture between the State and Civil Society should not obscure the characteristics of the State in contemporary Latin America which we have already pointed out. The State is the expression of the dynamism of business enterprises and of the classes which control them as they operate in a context in which bureaucracies and the regulative and organizational capacities of the State are expanding. The basic ideology of the State is fundamentally "developmentalism". In view of the explicit ends of economic growth and national grandeur, the exploitation of workers, if not openly defended by the State, is justified by the argument that the tightening of belts is necessary "at the moment" so that "in the future" the results of this economy may be redistributed.

---

5 See Schmitter, Philip — "Still the Century of Corporativism?" in *World Politics,* XXV, January, 1973, and his important book *Interest Conflict and Political Change in Brazil,* Stanford, Stanford University Press, 1971: also Stepan, Alfred — *The State and Society: Peru in Comparative Perspective,* forthcoming by Princeton University Press. See especially chapters 1 and 2.

6 See Stepan, Alfred, op. cit., where corporativism is *not* inappropriated generalized to describe all authoritarian regimes. See also, in Schmitter's book, cited above, the specifications made in describing corporative relations between the State and civil society and among parts of the latter.

7 See especially, Cardoso, F. H. — "A questão do Estado no Brasil", in *Autoritarismo e Democratização,* Rio, Paz e Terra, 1975.

We do not endorse studies of Latin American corporativism which see in it a "profound cultural trend", consonant with that society's patrimonialist structures. These structures were real in another and bygone situation, but in the current period of industrial-financial capitalist development, an insistence on the "necessity" of the corporative form in Latin America political relations seems to us an anachronistic and conservative point of view. When corporativist forms exist, and there are circumstances in which they do, they express the pact of dominion among classes trying to implant capitalist development, and the opposition which these attempts encounter in the political movements of subordinate classes.

Instead of insisting on the immutability of the "cultural dimension" and historical roots of corporativism, it seems to us that what is important is an understanding of the essence of contradiction between interests of people and current style of development, between the State and the Nation. In these relationships of opposition, if any cultural dimension exists and carries significance, it is what Gramsci called a relationship of hegemony: the capacity to rule. The effective battle is not between corporativism and the democratic tradition. It is between technocratic elitism and a vision of the formative process of a mass industrial society which can offer what is popular as specifically national and which succeeds in transforming the demand for a more developed economy and for a democratic society into a State which expresses the vitality of truly popular forces, capable of seeking socialist forms for the social organization of the future.