

# **Rural Incorporation and Regime Durability in Brazil**

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## Introduction

“Every kingdom divided against itself will be ruined, and every city or household divided against itself will not stand” (Matthew 12:25).

The field of regime dynamics can be sub-divided in two major research projects: i.e., etiology and durability.<sup>1</sup> Etiology and durability have different contrast spaces, the former being “democracy versus non-democracy” and the latter being “stable regime versus non-stable regime.” That is, while etiology concerns the sources of democracy or dictatorship, durability is about processes of regime reproduction and breakdown. In this paper I focus on regime durability. My aim is to recall an under-examined correlation – i.e., that between regime durability and rural incorporation – and to offer it a more robust theoretical foundation.<sup>2</sup> For this sake, I build upon the works of Samuel Huntington (1968), Ruth Berins Collier & David Collier (2002), and David Waldner (2008).

Collier & Collier propose that regime durability is a function of urban labor incorporation, but their comparative case studies do not support their hypothesis. In fact, their case studies indicate an alternative hypothesis: i.e., that regime durability is a function of rural – and not urban labor – incorporation. Huntington (1968: 292) had already highlighted the relevance of the countryside for regime dynamic: “[he] who

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<sup>1</sup> Because the variables that bring a regime into existence may not be the ones that keep it stable over time it is useful to distinguish between genetic (etiology) and functional (durability) explanations (Rustow 1970:346). However, this has not always been the prevailing understanding, as foundational works such as that of Seymour Martin Lipset (1959) often conflate the two issues. Similarly, while Barrington Moore (1966) offers an etiological account for democracy, fascism, and communism, he shows some ambivalence towards a functional argument when he affirms that “France did not escape [the peasant question], and the *instability* of France democracy during the nineteenth and twentieth centuries is partly due to this fact” (Moore 1966:426, my emphasis).

<sup>2</sup> When talking about rural incorporation, I refer to the incorporation of non-elite rural classes, primarily but not exclusively family peasants, i.e., those who own sufficient land to engage in commercial agriculture using primarily family labor (Waldner 2008:4).

controls the countryside controls the country.”<sup>3</sup> Although Huntington links rural incorporation to regime durability, his work has still a main theoretical void: i.e., the lack of an explanation for when and how rural incorporation occurs. Concurring with David Waldner (2008), I argue that this gap can be filled by bringing preferences and capacity.<sup>4</sup>

I investigate Waldner’s hypothesis in the light of the Brazilian regime history. Why did Brazil present a non-durable dictatorship, oscillating between dictatorship and democracy over time? I hypothesize that, in the context of the modernization pressures and the ensuing social question, the absence of peasantry incorporation by Brazilian elites created the conditions for regime instability in Brazil. There were two moments in Brazilian history in which peasantry incorporation was an option: 1930 and 1964. I argue that in 1930 Getúlio Vargas had the capacity for rural incorporation, but not the preference; and that in 1964 João Goulart had the preference for rural incorporation, but not the capacity.

### **Concept Definition, Operationalization, and Coding**

The broader theoretical issue in this paper is regime durability, i.e., what are the causes of a “once-in-place regime’s” reproduction and breakdown. I borrow Przeworski et al. (2000: 18) definition of regime: i.e., “the system of relations between the civil society and the state. A regime is a system of rules and practices that determine who has political rights, how they can be exercised, and with what effects for the control over the state.” As I am interested in major regime trends and transitions, I employ a binary

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<sup>3</sup> The correlation between rural incorporation and regime dynamic is not a new insight. It can be said to date back to Thomas Jefferson, as suggested by David Waldner (2008:3 note 6), but it certainly became most popular with Samuel Huntington (1968).

<sup>4</sup> Although Boix (2003), Acemoglu & Robinson (2006), and Cohen (1994), to name a few, devoted attention to preferences; and Collier and Collier (2002) discussed capacity; it is only with Waldner (2008) that both preferences and capacity are part of the same framework.

coding for regimes: i.e., democracy or dictatorship. It does not fall in the scope of this paper to digress about gradations inside regimes, i.e., types or degrees of democracy and types or degrees of authoritarianism.<sup>5</sup>

I adopt thus a minimalist definition of democracy, considering everything that does not fall into that definition to be a dictatorship. Borrowing from Przeworski et al. (2000:15), democracy “is a regime in which those who govern are selected through contested elections.” Although not all governmental offices must be filled by elections, the chief executive office and the seats in the effective legislative body must be, directly or indirectly. Indirect elections for presidency qualify as popular only if the electors are themselves elected and a constituent assembly that does not have ordinary legislative powers is not a legislature (Ibidem, p. 19). Contestation means the existence of an opposition that has some chance of winning office as consequence of elections. Contestation possess three features: “(1) ex-ante uncertainty, (2) ex-post irreversibility, and (3) repeatability” (Ibidem, p. 16). Finally, a democracy must present more than one party. Cases in which there was more than one party but at some time the incumbents unconstitutionally closed the legislature and rewrote electoral rules to their own advantage fall inside the consolidation rule and are not considered democracies (Ibidem, p. 21).<sup>6</sup> A regime is classified as democratic until the year in which the *autogolpe* occurred.

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<sup>5</sup> This means that for the purpose of this paper the Brazilian transitions from oligarchy to personal dictatorship and, after a democratic interval, to military dictatorship are irrelevant. In this sense, I call “dictatorship” everything that is “non-democracy”.

<sup>6</sup> Consolidation rule occurs whenever the incumbent used an electoral victory to establish (1) a non-party rule or (2) an one-party rule or (3) a permanent electoral domination (Przeworski et al. 2000: 20).

I code Brazil as a dictatorship from 1930-1945,<sup>7</sup> a democracy from 1945-1964, a dictatorship from 1964-1985, and as a democracy since then. Following the consolidation rule I do not code the period from 1934 to 1937, when the newly elected Congress elected Vargas as president as democratic because (a) the coup of 1937 produced no alteration in the executive power and (b) the coup itself reveals Vargas's intention to remain in power.

### **Literature Review**

According to Collier & Collier (2002), the Latin American responses to the social question<sup>8</sup> in the early twentieth century explain those regimes' durability. The responses varied according to the mode of labor incorporation adopted by each state, which determined the following kind of party system,<sup>9</sup> which on its turn explains regime durability.<sup>10</sup> The authors compare four dyads of countries along four consecutive phases (see table 1). They correlate different institutional outcomes with each dyad, using case pairings to hold confounding variables constant. On the one hand, one of each pair is wealthier and more socially homogeneous than the other, which shows that these variables do not do the causal work since (a) both countries in a dyad reach the same institutional outcome and (b) each dyad reaches a different institutional outcome. On the

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<sup>7</sup> Grounded on Przeworski et al. (2000 chapter 1), I do not code the period from 1934 to 1937, when the newly elected Congress elected Vargas as president as democratic because (a) the coup of 1937 produced no alteration in the executive power and (b) the coup itself reveals Vargas's intention to remain in power.

<sup>8</sup> The social question stems from the challenges posed by the capitalist development and its inherent process of industrialization in the emergence of two new social classes: i.e., the proletariat and the middle sectors. It refers to the appropriate role of the emerging working classes within the economic and political system (Collier & Collier 2002:100).

<sup>9</sup> The character of the party system ranges from cohesive and integrative to polarized, determining both the scope of opposition and the resources available to counter it. State Incorporation (Brazil and Chile) led to Multiparty Polarizing Systems; Traditional Party Incorporation (Uruguay and Colombia) led to Systems of Social Conflict and Electoral Stability; Labor Populism (Argentina and Peru) led to Stalemated Party Systems; and Radical Populism (Mexico and Venezuela) led to Integrative Party Systems.

<sup>10</sup> Collier & Collier (2002)'s dual explanatory framework consists of a coalition formation phase (labor incorporation) and a subsequent institutional phase (party system).

other hand, all four dyads faced similar antecedent conditions *but for the relative strength of the oligarchy*. According to the authors, there is an inverse relationship between the strength of the oligarchy and the degree of labor mobilization, which determines the scope and type of incorporation.<sup>11</sup>

<b>METHOD</b>		Dyad 1	Dyad 2	Dyad 3	Dyad 4
Socio-economic differences: <b>intra-dyad comparison</b>	More socially homogeneous, higher on per capita modernization indicators	Chile	Uruguay	Argentina	Venezuela
	Less socially homogeneous, lower on per capita modernization indicators	Brazil	Colombia	Peru	Mexico
Modal Model: <b>inter-dyad comparison</b>	<b>1. Antecedent Conditions</b>	Very strong oligarchy	Strong oligarchy	Strong olig. (Argentina) Moderate olig. (Peru)	Weak oligarchy
	<b>2. Disequilibrating event</b> (cleavage) → critical juncture → political conflict.	Capitalist development, industrialization, emergence of organized labor (early twentieth century) → social question			
	<b>3. (A) Coalition formation</b> (model of labor incorporation)	State Incorporation	Electoral Mobilization by Traditional Party	Labor Populism	Radical Populism
	<b>3. (B) Institutional outcome</b> (party system)	Multiparty Polarizing	Systems of Social Conflict and Electoral Stability	Stalemated Party System	Integrative Party System
	Rural incorporation	No	No	No	Yes
	<b>4. Regime outcome</b>	Coup	Coup	Coup	Regime continuity
	Brazil and Chile: Bureaucratic-authoritarian dictatorship	Uruguay: Bureaucratic-authoritarian dictatorship Colombia: Civil war	Argentina: Bureaucratic-authoritarian dictatorship Peru: Left-wing dictatorship	Venezuela: Durable democracy Mexico: Durable dictatorship	

<sup>11</sup> Therefore, according to Collier & Collier (2002, chapter 4) strong oligarchy led to state incorporation in Brazil and Chile; weak oligarchy led to rural incorporation in Mexico and Venezuela, with the peasantry becoming an important coalition player; intra-oligarchic conflict led to traditional party incorporation in Uruguay and Colombia, with a huge emphasis on clientelism; and Argentina and Peru are deviant cases, since there was no peasantry in Argentina, and there was delayed incorporation in Peru due to intra-elite cleavages.

It is important here to distinguish incorporation from mobilization. Mobilization intends to raise the political participation of previously inactive member of a polity. Incorporation may involve some degree of mobilization, but it aims to formalize the relationship between a group and a political leadership through an *institutional* expression such as political parties, unions, and other political organizations and also through *public policies* (Waldner 2008:4). Note that while mobilization entails political participation, incorporation may aim at depolitization.

Only Brazil and Chile experienced state incorporation, in which the state aimed to control and to depoliticize the labor movement.<sup>12</sup> The result was a pattern of polarizing politics conducive to regime instability, as manifested in the coups of 1964 and 1973 respectively. The other countries experienced some kind of party incorporation, in which political parties sought not only to control but also to mobilize labor in order to cultivate its support. Interestingly, only in Mexico and Venezuela there was regime continuity. Uruguay, Peru, and Argentina suffered coups d'état in 1973, 1968, and 1966, respectively, and Colombia has been in a continued state of civil war since the late 1950s. The four cases of bureaucratic-authoritarian regimes are drawn from three different party systems. Moreover, in two of the dyads – Colombia-Uruguay and Peru-Argentina – the dyadic countries present divergent regime type outcomes. Therefore, the mode of incorporation and the character of the party system cannot explain regime durability.

Yet Collier & Collier's four dyads show us a significant correlation: i.e., only in Mexico and Venezuela the peasantry was incorporated and only in those countries there was regime continuity. Contrary to Collier & Collier, Huntington argues that the stabilizing class is not the industrial proletariat but the countryside; in spite of the similar

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<sup>12</sup> In the model of state incorporation, the state is reluctant to foment the formation of political parties.

effects that modernization produces on both classes.<sup>13</sup> According to Huntington, the peasantry's stabilizing power derives from the impossibility to accommodate their demands inside the terms of the current socio-economic order, due to their distinct relationship to economic development. That is, while urban proletariat's conditions can be ameliorated through reform, allowing for relatively peaceful social change, the same is not true for the peasantry.

The urban worker's demands concern (a) the right to organize collectively and (b) the distribution of the gains from production. If the owners of the means of production accept the right of the workers to organize collectively, the second demand can be resolved through collective bargaining, in the ambit of the existing legal procedures. Therefore, when the first demand is conceded, "[the] worker thus has little or no incentive to be revolutionary" (Huntington 1968:298). Differently from the urban worker, the peasant aims not at gain sharing but at the ownership of the basic factor of production, i.e., land. However, the supply of land is limited if not fixed, which means that the landlord-peasant relationship is a zero-sum game.

"Thus the peasant, unlike the industrial worker, has no alternative but to attack the existing system of ownership and control. Land reform, consequently, does not mean just an increase in the economic well-being of the peasant. It involves also a fundamental redistribution of power and status, a reordering of the basic social relationships which had previously existed between landlord and peasant" (Huntington 1968:299).

Therefore, for Huntington, the zero-sum nature of the landlord-peasant relationship makes the countryside the source of stability. However, Huntington does not satisfactorily explain the empirical generalization linking the countryside to durability. First, his assumptions about land inequality are not universally true. Second, he suggests

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<sup>13</sup> I.e., impoverishment and increasing consciousness of their material circumstances.

that the primary threat to stability is leftist revolution. However, examples such as the Mexican left-oriented stable dictatorship and the Brazilian right-oriented coup of 1964 refute that suggestion. Finally, the causal mechanism that explains the patterns of coalition formation is lacking. We need an explanation for why and when the ruling coalition incorporates the countryside. E.g. if Brazil and Mexico shared similar structural (antecedent) conditions,<sup>14</sup> why did the Mexican revolutionaries incorporate the countryside while the Brazilians – both in 1930 and in 1964 – did not?

David Waldner (2008) avoids Huntington's first problem by offering a spatially and temporally circumscribed argument: i.e., it applies to post-colonial states, whose main disruptive dynamics were elite conflicts characterized by "struggles for control over the transformation of the agrarian political economy" vis-à-vis the pressures for modernization (Waldner 2008:6). Although the correlation between modernization and instability had been stressed before, no explanation connecting modernization, instability, coalition formation, and regime outcome had been given. For Huntington (1968:43), "[m]odernity means stability and modernization means instability." Huntington (Ibidem, p. 53) graphically represents the relationship between stability and development as a "bell-shape", in which poverty and modernity are conducive to stability whereas modernization, economic development, and/or economic decline are related to instability. And in the words of Przeworski (et al. 2000:97), "[m]odernization may create the 'prerequisites' for political conflict over the form of regime. But the manner in which these conflicts will develop remains unpredictable." Waldner advances those works – and

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<sup>14</sup> Between 1900 and 1930, Brazil and Mexico shared the similar antecedent conditions: size, demography, economy, industrial development, European immigration, urban labor movement, middle class, party system and peasantry. They differed on the strength of their respective oligarchies. See annex for the comparison between Brazil and Mexico along those variables.

addresses Huntington's third problem – by explaining (1) why modernization causes instability, (2) why rural incorporation promotes stability, and (3) the circumstances under which rural incorporation happens.

Waldner posits that long-term regime stability results from either (a) the absence of conflicts (i.e., actors are satisfied with the status quo) or (b) a new elite consensus based on lower-class support and control over institutions such to prevent future challengers. First, modernization causes instability in post-colonial states because the processes it comprises – i.e., state building and economic development (often meaning industrialization) – involve transfers of political and economic power, which escalate elite conflict, leading to instability.<sup>15</sup> Second, in those conditions, rural incorporation causes stability because (a) it “imply decisive resolution of conflicts over the status of the agrarian political economy of central state claims of authority over the periphery” – which an alliance with urban working classes does not necessarily do; and (b) “insofar as [it] grants incorporating elites political resources to use in their efforts to tame working-class movements and tempt capitalists into compliance” (Waldner 2008:7).

Third, elites' incorporation of the peasantry depends on their preferences and capacity.<sup>16</sup> Concerning preferences, the greater the intensity of the conflict, the greater the incentives to incorporate the countryside are. “Low-intensity conflict is normal politics over the relative share of resources;” loss means fewer gains. Losers retain their

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<sup>15</sup> State building entails centralization, i.e., the transfer of “authority and control over politically relevant resources from local elites to national centers of power.” Economic development through industrialization transfers “wealth produced by the primary sector to the nascent urban industrial sector” (Waldner 2008:6-7).

<sup>16</sup> Waldner (2008:13) defines political elites as “managers of state agencies, military officers, governing officials, and heads of political parties and organizations”; and economic elites as “large landlords and heads of commercial and industrial firms”

elite status and continue to compete over relative shares of surplus.<sup>17</sup> “Intense conflict regards the capacity to appropriate resources”; the very elite status is at stake. For economic elites, it means losing control over the economic resources that constitute them as members of the elite. For political elites, it means losing control over their strategically valuable, organizational position. When the elite conflict is intense and accommodation is not possible, “the heightened stakes attending victory or defeat constitute decisive incentives (but not necessarily the capacity) to build new coalitions with the countryside” (Waldner 2008:14-16).

Low-intensity elite conflict is unlikely to produce incentives enough for peasantry incorporation is because of the institutional, policy, and political costs involved. First, controlling rural partners requires costly and time-consuming institution building. Second, peasant loyalties must also be cultivated with material inducements. Finally, depending on the partners of the coalition (e.g. rural oligarchies), rural incorporation might cause the defection of coalition members, trigger neutral by-standers to join the opposition, or trigger massive repression from opponents. In those cases, the incorporating elite has much to lose, and it means that rural incorporation in itself does not guarantee political victory (Waldner 2008:10-12). On the other hand, because in a zero-sum game the losing elite loses everything, the costs of incorporation are tolerable if the outcome is the maintenance of elite status.

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<sup>17</sup> Besides, in low-intensity conflicts, many middle-class and military modernization projects are consistent with continued oligarchic domination of the agro-export sector, yielding no incentives to look for rural support. As Waldner notes, the middle class might even fear the incorporation of subordinate classes who could demand for redistribution of property or protection from market-imposed outcomes (Waldner 2008:15).

And yet not all intense elite conflicts are followed by rural incorporation. Intense elite conflict is, hence, a necessary but not a sufficient condition for rural incorporation. There must be capacity to impose preferences, i.e., the resources and relative strength (i.e., relative class power) to impose preferences. In agrarian oligarchic states, concurring with Collier and Collier (2000) Waldner (2008:19) argues, “rural incorporation is possible only when oligarchic control over the countryside is relatively weak, thus making lower-class rural allies available.” Preferences and capacity are thus both necessary and jointly sufficient for rural incorporation.

### **Explaining Brazilian Non-Durable Dictatorship**

Why did Brazil present a non-durable dictatorship, oscillating between dictatorship and democracy over time? According to David Waldner, the answer would be the absence of rural incorporation. If we aim to investigate Waldner’s theory, it matters to know why there was no rural incorporation in Brazil. The straightforward answer is that given by Collier & Collier’s (2002 chapter 3): i.e., Brazil had a strong oligarchy, yielding no capacity for rural incorporation. However, as Waldner (2008:19 note 39) notes, Collier & Collier derive preference for rural incorporation from capacity, disregarding the incentives for incorporation (i.e., the intensity of the elite conflict). Such reasoning is misleading, because while capacity shapes the available induced preferences, it should not change basic preferences. It is important to account, therefore, for both preference and capacity.

There were two moments in which rural incorporation could have occurred in Brazil: in the 1930’s and in the early 1960’s. I aim to demonstrate that in the 1930’s Getúlio Vargas had the latent capacity for rural incorporation, but not the preference; and

that in 1964 João Goulart had the preference for rural incorporation, but not the capacity. The following questions must be addressed: What was Getúlio Vargas' preference concerning rural incorporation? Why did not Vargas turn to the countryside when he met oligarchic opposition? Was he unable to incorporate the peasantry or he simply never had such an interest, preferring rather a more narrow coalition of labor and oligarchy? Finally why Goulart's attempt of rural incorporation in 1964 was unsuccessful?

Based on Waldner's rural incorporation theory,<sup>18</sup> I expect to find: (a) low-intense elite conflict in the 1930's, that is, a multiple equilibria problem about surplus distribution (vs. a zero-sum game); (b) Vargas' possession of political and economic resources that could had been used to weaken the oligarchy, giving him capacity for rural incorporation; (c) high-intense elite conflict in the early 1960's, that is, a zero-sum game in which at least one of the elites ran the risk of losing its elite status, becoming unable to appropriate resources; and (d) a strong oligarchy in the 1960's.

**Capacity** – The proxy variable I use to operationalize capacity (for rural incorporation) is the degree of rural-oligarchic strength, which is measured in terms of the political and economic power of the oligarchy. The economic power of the oligarchy is a positive function of: (a) their control over the economic resource that constitute them as members of the elite: i.e., land; and (b) the dependence of the national economy on the agrarian sector, i.e., the relevance of their resources to the production of national wealth (GDP). The political power of the landed elites is also a positive function of two variables. First, of their influence upon the political institutions; that is, to what extent the political institutions are shaped to disproportionately favor the oligarchy. Second, of their degree of control of the peasantry, which is reflected on the strength of the clientelistic

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<sup>18</sup> From now on referred to as WRIT.

relations between landholders and peasants. I measure the Brazilian oligarchy's ability to influence political institutions by their control of the electorate and by their subsequent representation in Congress and in other political bodies at state and municipal levels. In Brazil the oligarchy had an unusual capacity for the direct exercise of power in the political sphere, sustaining its position due to the electoral support it maintained through the clientelistic control of the rural sector (Collier & Collier, 2002:104).

In 1920 13 percent of Brazil's population lived in urban centers. By the beginning of the twentieth century, Brazil had both a large mass of landless people and latifundia. Caio Prado (in Forman 1975:30) estimates that by 1880, poor and middle peasants in Brazil comprised approximately 6 million people (half of a population of 12 million people).<sup>19</sup> In 1920 owners of rural properties of up to 100 hectares comprised 71.6 percent of the total number of rural properties, which occupied only 8.97 percent of the total rural area in Brazil (see table 2).

<i>Size of the Farm (in hectares)</i>	<i>Number (1 million)</i>	<i>Percentage of the total number</i>	<i>Area (hectares 1 million)</i>	<i>Percentage of the total area</i>
Under 10				
10-100	463.9	71.6	15.7	8.97
100-1,000	158.0	24.4	48.4	27.6
1,000-10,000	24.6	3.8	65.5	37.4
Over 10,000	1.7	0.26	45.5	26
TOTAL	648.2	100	175.1	100

*Source: IBRA 1967 in Forman 1975:45.*

<sup>19</sup> The rich peasant is the commodity producer who farms commercially, utilizing hired labor. The poor peasant is that who possess no land and is forced to sell his labor on the market. The middle peasant has land adequate for subsistence only. As one man may simultaneously be an owner, renter, sharecropper, employee, and wage earner on different agricultural properties, I make no distinction here between poor and middle peasantry. In Brazil, those two categories were formed by freed or runaway (or ex- after 1888) black or mulatto slaves, semi-aculturated Indians, mestizos of all color gradations and categories, and whites descending from Portuguese families (Forman 1975:190, 273 n. 73, and 30).

During the Old Republic (1889-1930, also called First Republic), the Brazilian economy depended upon the exportation of coffee, cocoa, cotton, and rubber. The incoming foreign exchange was used to import nearly all the manufactured goods consumed at home, except for a few items such as textiles. The advocates of industrialization were unsuccessful in demanding higher tariff protection and more credit to infant industry. Marketing controls (known as “valorization” plans) were implemented in order to maximize export earnings, benefiting especially exporters and the state governments of São Paulo, Minas Gerais and Rio de Janeiro (Skidmore 1967:41-42).

The First Republic’s compromise between the military and the traditional landed power resulted in the Brazilian federated system, which found its full expression in the “política dos governadores” (governors politics). In such a system, state governments and the president of the republic agreed to mutually respect each other’s authority in their respective domains. The trade-off was congressional support for the president, whereas the governors enjoyed de facto provincial autonomy and the guarantee of federal patronage, including the right to appoint public functionaries at the state and municipal levels (Forman 1975:165).<sup>20</sup> The electoral system, which had its roots in the Second Empire, was fully subordinated to agrarian interests.<sup>21</sup> Clerks in commerce and the

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<sup>20</sup> The dominant oligarchies in the “política dos governadores” were those of São Paulo, Minas Gerais, and Rio Grande do Sul, with coffee interests, cattle ranchers, and sugar plantation owners as prominent players. Minas Gerais and São Paulo were frequently allied, alienating Rio Grande do Sul from the federal government (Collier & Collier 2002:106-107).

<sup>21</sup> Until 1846 the criteria to be a qualified voter to select the Electoral College was to have annual earnings of at least the value of 150 alqueires of manioc flower. The Electors, whose earnings were above the value of 250 alqueires, chose the members of the Chamber of Deputies. The criteria to candidate for deputy was to earn more than the value of 500 alqueires, while senatorial candidates were required to exceed 1,000 alqueires (Forman 1975:158-9). The electoral reform of 1846 made metal money the basis of voting rights. It double the minimum values required, but still extended the suffrage. In 1876, there were only 24,637 voters out of a population of 10 million. The Saraiva Law of 1881 provided for direct and “universal” suffrage for all males over twenty-five years old of age, but instituted a literacy requirement (Forman 1975:159).

laboring classes, whether urban or rural, were excluded from the electorate on the basis of their income (Forman 1975:158-9).

The Brazilian emerging middle sectors saw the power of landowners as a major impediment to their own advancement. The middle sectors espoused themes such as broadening suffrage, honesty and openness of elections, and the need to find a solution to the social question.<sup>22</sup> But despite their antagonism toward the landowners, both classes were united in their opposition to the “popular sector”.<sup>23</sup> The growing urban middle sector demanded the previous income and property requirements for suffrage to be replaced by one based on literacy, realized with the Saraiva Law of 1881 (Forman 1975:148, 159). The need to satisfy the middle sector demands gave rise to the “cartorial state” during the First Republic (Forman 1975:164). According to Hélio Jaguaribe (in Schneider 1971:23), “the cartorial state is one in which public employment is used to provide positions proportional to the political needs of the elite, rather than to the requirements of effective public service”. Appointments are exchanged for electoral support. Although such a system is administratively dysfunctional, it is politically significant, since the middle class contributes with its weight on public opinion and political matters, as well as in the making and execution of policy decisions.

Therefore, at the onset of the 1930 Revolution the Brazilian oligarchy, especially that of São Paulo and Minas Gerais, had both economic and political power. Latifundia (i.e., control of the land) gave the oligarchy the means to economic power, which was realized through an export-oriented economy, and strengthened by laissez-faire

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<sup>22</sup> The middle sectors comprise government bureaucrats and low-level government employees, local merchants, white-collar employees, small entrepreneurs, light industry, artisans, rancheros, and radical intellectuals, professions, among others.

<sup>23</sup> The “popular sector” can be defined as peasants and proletariat of textile workers, blacksmiths, shop clerks, and the like.

principles, according to which Brazil occupied the “natural” role of raw-material exporter. The political power of the oligarchy lay on the electoral system and its income, property, and literacy requirements. In spite of the political inclusion of the middle classes with the Lei Saraiva of 1881, those could be manipulated with employment inducements enabled through “cartorialismo.”

**Preference** – Because capacity alone is not sufficient to explain rural incorporation we must examine preference, which varies directly with the intensity of the elite conflict. Elites will prefer to incorporate the countryside when the costs of not doing so outweigh the benefits. This section will assess the institutional, policy, and political costs and benefits of incorporation for elites.

**1930 Revolution** – Hélio Jaguaribe (1968 in Forman1975:168) describes the Revolution of 1930 as the compromise between the “cartorial state” and coronelismo that characterized the First Republic. This coalition, called Aliança Liberal (Liberal Alliance), was formed in 1928 (anticipating the 1930 elections) by dissident elites from Rio Grande do Sul and Minas Gerais, the new urban middle sector, and dissident military groups. Its proximate cause was the *intra-oligarchic* conflict between the landed interests of Minas Gerais and Rio Grande do Sul versus that of São Paulo over the succession to the presidency and the ensuing Revolution of 1930 that brought Getulio Vargas to power.<sup>24</sup>

The Aliança Liberal comprised revolutionary and non-revolutionary elements.<sup>25</sup> The non-revolutionaries were the dissident oligarchy, the higher military, and the coffee

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<sup>24</sup> The political leaders of Minas Gerais and Rio Grande do Sul resented Washington Luiz attempt to install another São Paulo politician, Júlio Prestes, in the presidency. Prestes had received 1,091,709 out of 1,890,524 votes cast (Skidmore 1967:3-4). A military coup deposed the incumbent government of President Washington Luiz (1926-30) and ten days later installed Getúlio Vargas, who had run in the presidential election held in March against Prestes, as the provisional President of Brazil.

<sup>25</sup> Whereas its revolutionary elements ambioned economic and social change, its non-revolutionary counterparts aimed at constitutional changes in the narrow juridical sense (Skidmore 1967:7).

growers. Among its revolutionary supporters were the liberal constitutionalists and the semi-authoritarian nationalists. Each member of the coalition had a specific motivation. The dissident members of the oligarchy's (Minas Gerais and Rio Grande do Sul) conflict with São Paulo over the presidential succession concerned the allocation of relative shares of surplus.<sup>26</sup> The higher military resented the unwillingness of the incumbent political elite to concede the new equipments and larger budget demanded. The coffee growers had two main grievances towards the government, in spite of its commitment to a coffee support program. They disliked the fixed exchange rate for the Brazilian currency, which gave the export sector a declining income as foreign prices for coffee fell.<sup>27</sup> And they objected the government's refusal to supply credit to the Coffee Institute of São Paulo for purchases of surplus stocks.<sup>28</sup> Therefore, the main motivation of the non-revolutionary members of the Aliança Liberal was resource allocation.

It was not differently with the revolutionary members. However, for the Liberal Constitutionalist resource reallocation implied firstly the adoption and enforcement of the classic liberal ideals of free elections, constitutional government, and full civil liberties.<sup>29</sup> Their main demand was free elections with the enforcement of the literacy requirement, which considering the level of literacy at the time (see table 3) would greatly increase their political power vis-à-vis the oligarchy. Among the revolutionaries were also the semi-authoritarian nationalists, whose main representatives were the

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<sup>26</sup> There were also political rivalries within the states, as opposition clans within state politics expected to gain local power with the removal of their opponents (Skidmore 1967:12).

<sup>27</sup> Between September 1929 and January 1930, coffee world prices fell approximately 50 percent.

<sup>28</sup> Instead, the government decided to lower the previously fixed price of the Brazilian coffee on the world market, hoping to increase the total sales (Skidmore 1967:10-12).

<sup>29</sup> The Liberal Constitutionalist came mainly from the growing middle class of São Paulo (but also from a few other major cities) and were represented by the Democratic Party of São Paulo. The Democratic Party of São Paulo was organized in 1926 and opposed the government candidate Júlio Prestes, who had previously been governor of São Paulo (Skidmore 1967:12).

tenentes (young military officers). But whereas the Liberal Constitutionalists pressed for liberal democracy, the tenentes did not disregard the possibility of establishing an authoritarian government in order to achieve their goals of “national regeneration” and modernization (Skidmore 1967:9, 12-13, Collier & Collier 2002:173).<sup>30</sup> Despite their divergences, the liberal constitutionalists and the tenentes shared an interest in expanding the middle sector where they came from.

Year	Primary schools (ages 7-11)	Secondary schools (ages 11-17)	Higher education (ages 18-21)
1907	202		
1910			4
1920	291		
1930	430	17	6
1940	460	35	6
1950	554	60	11
1960	735	96	17

*Source: Schmitter 1971:42.*

According to WRIT, a low-intense elite conflict takes the dynamic of a multiple equilibria problem about surplus distribution, while a high-intense elite conflict is a zero-sum game. How intense was the elite conflict that culminated in the 1930 Revolution? In the federated system of the First Republic the state governments had a substantial degree of independence from the federal government. Whichever state oligarchy assuming power, it would certainly manage to get a larger share of the surplus, but it would hardly dismantle the raw material laissez-faire export-oriented economic model that benefited the oligarchic class in general. Therefore, the assumption of the presidency was important

<sup>30</sup> Indeed, they proposed that elections should not be resorted to too soon after the revolution, being fearful that the traditional state political machines would manipulate the elections for their own purposes (Skidmore 1967:9). The tenentes opposed the rural latifundia system and the corrupt decentralized government dominated by the oligarchies and wished to establish a new centralized, modernizing, and nationalistic order (Collier & Collier 2002:109-110).

for resource allocation, but its loss did not necessarily threaten elite status. I argue, hence, that the elite conflict leading to the Revolution of 1930 constituted a moderate intra-oligarchic conflict and, given the institutional, policy, and political costs associated with peasantry incorporation, there were no incentives for such strategy. Indeed, further evidencing the mildness of that conflict, not even the urban working class (“less revolutionary” than the peasantry) was mobilized. The workers did not participate in the revolution. On the contrary, the new coalition feared the growth and radicalization of the working class and refused to arm them. (Collier & Collier 2002:108, 111).

Once in power, Vargas forged a coalition with both liberal constitutionalists and tenentes. On November 11 Getúlio Vargas,<sup>31</sup> as the “Chief of the Provisional Government,” issued a decree that gave his government full legislative authority until the election of a Constituent Assembly. All legislative bodies at the local, state, and national levels were abolished (Collier & Collier 2002:173, Skidmore 1967:13). Vargas’ dictatorial powers pleased the military, which expected that a centralized government would facilitate the accomplishment of their modernization goal. The tenentes exercised considerable influence in the Vargas’ administration first year, as Vargas nominated some tenente leaders to important positions such as João Alberto, Interventor of São Paulo, and Juarez Távora, in the Northeast. Appeasing the liberal constitutionalists, Vargas published the new Electoral Code on 24 February 1932 and issued a decree on March 15 establishing 3 May 1933 as the date for elections to the Constituent Assembly.

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<sup>31</sup> Getúlio Vargas was born in 1833 of a wealthy family in Rio Grande do Sul. He first embarked on a military career, subsequently switching to law. After a brief career as lawyer in Rio Grande do Sul he entered state politics and then became a federal deputy in 1924. He became the Finance Minister in Washington Luiz’ government in 1926. In 1928 Vargas went back to Rio Grande do Sul to become governor (Skidmore 1967:8).

After being elected by the Chamber of Deputies on July 1934 for a new term,<sup>32</sup> Vargas held elections for state legislatures in October 1934 (which subsequently elected state governors) (Skidmore 1967:14, 17).

Those measures increased the power of the liberal constitutionalists and tenentes relatively to the oligarchy, but they did not politically or economically threaten the landed class, toward whom Vargas had ambivalent policies. On the one hand, the federal government expanded its purchases of surplus coffee stocks.<sup>33</sup> On the other hand, Vargas adopted a series of policies to weaken the oligarchy. During the First Republic, the oligarchies' political power emanated from the decentralized federal system. Vargas undermined that basis of power by shifting functions previously exercised by state and local governments unto federal competence. In 1930, Vargas issued a decree that transferred the supervision over the production and marketing of coffee from the states auspices to the federal level. Also, foreign loans, which were previously negotiated by the states, became federal responsibility.<sup>34</sup> Fundamental areas such as education and labor were transferred to the federal sphere. A new Ministry of Labor, Industry, and Commerce was created in November 1930. The federal government took responsibilities in the areas of social welfare and labor organization whose effect was to increase direct federal influence at the local level, undermining the foundation of the previous *política dos governadores*. The power of the state and municipal government was further eroded by a change in tax jurisdictions, as the Constitutions of 1934 and 1937 eliminated the interstate taxes (Collier & Collier 2002:172, Skidmore 1967:33-34). Finally, by allowing

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<sup>32</sup> Vargas new term extended until January 1938, when a direct election should happen.

<sup>33</sup> The Vargas administration even burned huge quantities of surplus coffee, to prevent it from reaching the market.

<sup>34</sup> São Paulo, for example, used to directly negotiate foreign loans to be employed in railroads and docks, or for the financing of the coffee support program.

federal army officers to make key appointments at the state level gradually bringing the state armed forces under federal control, Vargas undermined the states armed forces, which had provided an independent power base to state politicians (Collier & Collier 2002:174, Skidmore 1967:26-27).

In sum, the intra-oligarchic conflict leading to the 1930 Revolution featured a strong oligarchy, yielding no capacity for rural incorporation, and low intensity, creating no incentives for that strategy. Nonetheless, once in power Getúlio Vargas had the latent capacity for rural incorporation, that is, he had the capacity to deprive the oligarchy of economic and political power. In the context of the 1929 crash, Vargas could have not only undermined the oligarchy politically (as he did in his measures to centralize political, economic, and military power and to extend the federal authority to the local level), but he could also have contributed to the oligarchy's economic decline (instead of trying to prevent it) by favoring the nascent industry, which had the support of the military.

The Vargas government support to the coffee growers was not sufficient to prevent the decline of Brazil's foreign exchange earnings. The gains of the oligarchy from exportation declined, and Brazil's capacity to import declined still further. However, the governmental purchase of coffee surpluses maintained the domestic demand. The unintended consequence was to foment a "spontaneous" growth of the domestic light industry. In the 1930s, this "spontaneous" industrialization was aided by a conscious policy of state intervention. The federal government managed "stimulants" such as taxes, exchange controls, import quotas, credit controls, and wage requirements; and direct intervention by means of public investment in areas such as railroads,

shipping, public utilities, and basic industries such as oil and steel. The higher military solidly backed industrialization, especially the hard industry (Skidmore 1967: 42-43, 46). Finally, Vargas could have further undermined the oligarchic political power by enfranchising the illiterate, which would have allowed him to forge a coalition with the popular sectors, including the rural workers.

But although Vargas substantially weakened the oligarchy, he never got rid of it. Contrarily, he took measures to prevent a complete collapse of the oligarchic economic power, while keeping the urban and rural masses alienated. Two points ensue. First, the fact that Vargas could have completely displaced the oligarchy, possibly with the support of the military and urban middle class but did not indicate that, contrary to Collier & Collier, we cannot derive preference from capacity. That is, he never had a preference to make a popular coalition, not because he did not have the means, but because he did not have the desire.

Second, it begs the question of why Vargas did not wish to displace the oligarchy, but chose rather to maintain a weakened oligarchy. Why did not Vargas turn to the countryside when he met oligarchic opposition in 1931-32?<sup>35</sup> WRIT (2008:10-12) gives us some insights. First, completely displacing the oligarchy without incorporating the countryside would give the oligarchy an incentive to do so, since for the landed class the costs of being politically and economically alienated would outweigh the costs of incorporating the peasantry. That is, by completely displacing the oligarchy Vargas would be turning a multiple-equilibria game into a zero-sum game, preventing an

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<sup>35</sup> After assuming power, Vargas faced the opposition of the three most powerful states: São Paulo, Minas Gerais, and Rio Grande do Sul. On July 9, 1932, São Paulo rose in armed revolt, but the support from Minas Gerais and Rio Grande do Sul failed to materialize.

accommodation acceptable to both parties and changing the incentives of the oligarchy. Second, turning to the masses would require Vargas to build expensive and time consuming institutions to prevent the newly incorporated lower classes to make intolerable demands or destabilize the regime; and to cultivate them with material inducements. And finally, turning to the masses would have triggered the opposition of the military and middle classes as well, inviting those groups to join the oligarchy against Vargas.

Therefore, Vargas adopted specific measures to weaken the oligarchy politically while controlling the intensity of its economic decline, preventing the oligarchy to restore the First Republic decentralized and rural-dominated order. And despite the divergences among the middle class, oligarchy, and military, they had a common concern: they feared the growing proletariat and the ensuing “social question”. The accommodationist alliance between reformers and oligarchy shared the following consensus about the social question: (a) the emerging working class had to be dealt with; (b) its radicalization was to be avoided; (c) there would be no mobilization of popular support; (d) and that there would be no initiative of addressing the social question in the countryside. That is, there would be no land reform or legalization of rural unions. In other words, the preexisting patterns of social relations in the countryside – the political base of the oligarchy – would be preserved (Collier & Collier 2002:184).

**1964 Revolution** – The Revolution of 1964 in which the military installed a dictatorial regime was a result of João Goulart’s failed attempt at rural incorporation. Goulart’s attempt to incorporate the peasantry indicates his preference, whereas his failure indicates his lack of capacity. On the other hand, although in the 1930 Revolution

there was neither preference nor capacity for rural incorporation, I argued that once in power Vargas enjoyed of a latent capacity, which he chose not to use. Given the continued strength of the oligarchy in the two periods, why exactly was Goulart unable to do what Vargas could have done?

The conflict that led to the 1964 Revolution revolved around two of the basic reforms proposed by Goulart: i.e., land reform and electoral reform. The former demanded an amendment to the constitutional provision according to which owners of expropriated land were paid in cash. Aiming at the restructuring of the Brazilian land structure, it conflicted directly with the rural oligarchs' interests. The later proposed vote for illiterates, mass literacy programs, and the grant of political rights to enlisted military men. If implemented, it would radically alter the political balance, opening the way to profound changes in the social structure (Skidmore 1967:237). Together, those reforms could dramatically change the political balance that had prevailed since at least 1930.

The compromise between "cartorial state" and coronelismo supported the dictatorial regime that prevailed from 1930 until 1945. The return to democracy in 1945 did not represent any change in the ruling coalition or in its policy toward the urban and rural masses.<sup>36</sup> Vargas had dealt with the social question by promoting a state-led

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<sup>36</sup> The ruling coalition, also called "ins" or "situacionistas", was formed by the local political bosses from the Old Republic, bureaucrats, landowners, bankers, and industrialists (Collier & Collier 2002:364-5). The organized urban workers, represented by the PTB, who had benefited from Vargas social welfare legislation were also among the situacionistas, but they were not part of the ruling coalition but for electoral purposes. In the last years of his mandate when Vargas foresaw the change to electoral politics he undertook a series of mobilizational policies, which involved the explicit encouragement of worker politicization, in contrast to their depolitization during the Estado Novo. However, urban workers were not given any de facto ruling power. Vargas created a populist party, the PTB (Brazilian Labor Party), as a way to structure working-class participation. Vargas also permitted union elections, in which dissidents were allowed to run and were in some cases victorious; repealed the ideological test, which had kept communists from leadership positions within the unions; released Luis Carlos Prestes and other communist leaders from jail and legalized the Communist Party; tolerated of strikes, which, under the labor law, were illegal; and promoted higher wage increases. The gains of the working class, however, were limited to the increase in unionization. During the 1950s, the number of unions increased by about 50% and union membership grew

incorporation of the urban proletariat aimed at its depolitization;<sup>37</sup> the social relations in the countryside remained untouched. The conservative Dutra administration favored economic Liberalism and orthodox economic policies to combat inflation. His conservative cabinet included UDN party members and well-known anti-communists (Collier & Collier 2002:368 and Skidmore 1967:65). The following governments of Vargas and Kubitschek (1951-61) were populist for electoral purposes only; in the governing arena, the conservative accommodationist alliance prevailed (Collier & Collier 2002:379). In the Vargas's administration, the political right had a great weight.<sup>38</sup> The Kubitschek government, based on PSD-PTB coalition, was less oriented toward social reform and more oriented toward establishing the conditions for rapid economic growth,<sup>39</sup> benefiting large financial and industrial interests and the agrarian bourgeoisie linked to the production and export of coffee – the very groups linked to the PSD (Collier & Collier 2002:385). Vargas and Kubitschek's treatment of the land question never went beyond the themes of the expansion of rural credit or the improvement of food distribution through the construction of new storage facilities (Skidmore 1967:169).

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about the same amount between 1952 and 1960. Unionization among industrial workers increased from 25% in 1939 and 30% in 1950 to 33% in 1960. The syndical tax was not repealed and the basic structure of the labor movement and the industrial relations system, as well as the law on which they were based, were left in place. During the period 1949-58, real wages rose only 79% of the increase in productivity, while bureaucratic salary increases were more than twice the gains in productivity. Management salaries increased nearly three times those of the working class between 1949 and 1958 (Collier & Collier 2002:369; Mata and Bacha 1973:328-29 in Collier & Collier 2002:394).

<sup>37</sup> For an excellent account of the politics of incorporation in Brazil see Collier & Collier 2002:161-195.

<sup>38</sup> Vargas's cabinet reveals the power of the accommodationists: the PTB and the populist São Paulo based PSP were given only one cabinet ministry each, as much as the oppositionist UDN; the PSD, which had formally opposed Vargas, was awarded four ministries. In the Federal Chamber, the PSD won 37% of the seats and the UDN won 27%. Together, these parties had 64% of the seats, compared to the 17% for the PTB or to 25% for the PTB plus PSP (the populist alliance that supported Vargas' presidency) (Collier & Collier 2002:379).

<sup>39</sup> The industrialists, yet as small group within Brazilian society, were concentrated in the south-center triangle between São Paulo, Rio de Janeiro, and Belo Horizonte. Between 1955 and 1961 industrial production grew 80 percent. The steel industry alone grew 100 percent, mechanical industries grew 125 percent, electrical and communications industries grew 380 percent, and the transportation equipment industries grew 600 percent (Skidmore 1967:164).

In what regards capacity, the oligarchy still enjoyed great strength, both economically and politically. In 1950, 64 percent of the total Brazilian population lived in rural areas and 57 percent of the national population directly depended upon agriculture for their livelihood.<sup>40</sup> In 1960, after 10 years of industrial and urban growth, over 50 percent of the Brazilian population was still rural. In 1967, 3.8 million farm properties occupied 350 million hectares (40 percent of the total Brazilian land mass), of which less than 20 percent was effectively utilized in agriculture. 76 percent of the properties registered belonged to minifundiários,<sup>41</sup> whose 2.5 million uneconomic properties occupied a total area of 40 million hectares, less than 14 percent of the total land area registered as private property. Contrastingly, 32 million hectares were held by only 150 latifundiários, each of who owned more than 100,000 hectares (IBRA 1967:36 in Forman 1975:39, 40, 42). As for the agricultural contribution to the GDP, it dropped from 24.9 percent in 1950 to 19.2 percent in 1960 (see table 6). But in spite of the growth of industry (from 26.0 in 1950 to 32.6 in 1960), the agricultural contribution to the GDP was still considerable, not to mention that in 1960 agriculture employed over 50 percent of Brazilian labor force.

**Table 4. Number, Total Area and Cultivated Area of Declared Farms by Size, 1967**

<i>Size of Farm (in hectares)</i>	<i>Number of Farms</i>	<i>Percent of Total</i>	<i>Total Area Held (hectares 1,000)</i>	<i>Percent of Total</i>	<i>Cultivated Area (hectares 1,000)</i>	<i>Percent of Total</i>
Under 10	1,202,663	36.3	5,568	1.8	3,316	2.3
11-100	1,728,303	51.5	57,101	18.6	27,516	17.8
101-1,000	375,879	11.5	105,852	34.5	52,189	34.5
1,001-10,000	39,276	1.0	97,355	31.7	42,144	30.4
10,001-100,000	1,628		35,973	11.7	11,847	13.7
Over 100,000	27		5,401	1.7	1,854	1.3
TOTAL	3,347,776	100.0	307,250	100.0	138,866	100.0

*Source:* IBRA 1967 in Forman 1975:41.

<sup>40</sup> 33.2 million people and 30 million people, respectively. Source: CIDA 1966:56 in Forman 1975:38-9.

<sup>41</sup> Smallholders, i.e., family farms with less land than is necessary to absorb the total labor force of four adult family members and thereby guarantee family subsistence

**Table 5. Changes in the Distribution of Properties by Size and Number, 1920-1960**

Size of the Farm (in hectares)	1920		1940		1950		1960	
	Number (1 million)	Area (hectares 1 million)	Number (1 million)	Area (hectares 1 million)	Number (1 million)	Area (hectares 1 million)	Number (1 million)	Area (hectares 1 million)
Under 10			654.6	2.9	710.9	3.0	1,499.5	5.9
10-100	463.9	15.7	975.4	33.1	1,052.6	35.6	1,494.5	47.7
100-1,000	158.0	48.4	243.8	66.2	268.2	75.5	315.1	86.3
1,000-10,000	24.6	65.5	26.5	62.0	31.0	73.1	31.2	72.8
Over 10,000	1.7	45.5	1.3	33.5	1.6	45.0	1.7	52.7
TOTAL	648.2	175.1	1,904.6	197.7	2,064.6	232.2	3,349.5	265.5

Source: IBRA 1967 in Forman 1975:45.

**Table 6. National Product and Labor Force Shares and Relative Product per Worker by Major Sectors for Brazil, 1950-1970**

Sector	1950	1960	1970
<b>A. Percentage Distribution of National Product</b>			
Agriculture	24.9	19.2	10.2
Industry	26.0	32.6	36.3
Manufacturing	(20.2)	(25.1)	(27.4)
Services	49.1	48.2	53.5
Total	100.0	100.0	100.0
<b>B. Percentage Distribution of National Labor Force</b>			
Agriculture	60.0	53.7	44.6
Industry	13.7	13.1	18.0
Manufacturing	(9.4)	(8.9)	(11.1)
Services	26.3	33.2	37.4
Total	100.0	100.0	100.0
<b>C. Relative Product per Worker (Percentage Product / Percentage Labor)</b>			
Agriculture	0.41	0.36	0.23
Industry	1.9	2.49	2.01
Manufacturing	(2.15)	(2.82)	(2.47)
Services	1.86	1.45	1.43
Total	1.00	1.00	1.00

Source: Graham in Hewlett, 1982:21.

As for the rural oligarchy's political strength, until the 1950s, rural workers had virtually no political influence. Rural areas were overwhelmingly illiterate. The literacy requirement of the Saraiva Law of 1881 was confirmed in the Constitution of 1946, which guaranteed the continued rural domination of the Congress: it provided for equal representation of all states in the Senate and proportional representation in the Chamber

of Deputies determined on the basis of population – though the electorate was limited to literates. The agrarian oligarchies that dominated the primarily rural states were, therefore, overrepresented in relation to the developed areas.<sup>42</sup> In sum, the rural oligarchy still controlled the economic resource that constituted them as elite (i.e., land), still made a relevant contribution to the GDP, and still had the electoral system working to its advantage by granting it over-representation in the Congress. Those facts indicated the oligarchy's continued strength and, hence, Goulart's lack of capacity for rural incorporation.

How intense was the elite conflict that culminated in the 1964 Revolution? The end of the literacy requirement would disturb the social relations in the countryside, dismantling clientelism and empowering the rural workers. If a land reform were implemented as well, this situation would be further aggravated since there would be a significant reduction of peasant dependence on agrarian elites. The rural oligarchy could lose its hegemony in Congress, i.e., its political power. Its economic power would only be compromised if the latifundia system were displaced. Therefore, as long as the oligarchy's political power were diminished, but not altogether eliminated, its economic power remained untouched, this conflict, from the point of view of the oligarchy, as distributional and not existential. It was more intense than that of 1930, since it compromised to a larger degree the oligarchy's ability to determine the distribution of surplus, but it was not intense enough to give the oligarchy incentives to align with the countryside.

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<sup>42</sup> However, the oligarchic advantage was lost in a presidential election, where it was the total national vote that mattered.

Goulart's basic preference to stay in office can be seen in his cultivation of the "dispositivo sindical" (trade union power structure) and of the "dispositivo militar" (military support).<sup>43</sup> However, if the conservatives could manage to keep the reforms to a minimum, Goulart's political career would be permanently ruined, since it had managed to alienate both the right and the extreme left. Due to his leftist orientation, the high military and the extreme right had opposed Goulart's assumption to power, which happened only after the Congress adopted an amendment establishing a modified parliamentary system, on September 2, 1961.

Envisaging the Congressional elections of 1962, Goulart had been proposing "basic reforms" – including land reform – at least since May of that year in an attempt to cultivate the left. And contrastingly to the previous Vargas and Kubitschek administrations, which proposed minimal agrarian reforms, once in power Goulart took clear policies toward rural incorporation.<sup>44</sup> From 1946 to 1960 only six rural unions received the recognition of the Ministry of Labor. Under the government of João Goulart, 266 rural unions were recognized (Forman 1975:273 note 77).<sup>45</sup> In March 1963 Goulart submitted a land reform bill to the Congress providing for the compensation of the expropriated land in government bonds rather than cash. Moreover, Goulart also

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<sup>43</sup> Goulart's appointment of Almino Afonso as Labor Minister strengthened the "dispositivo sindical" as Afonso was known for tolerating radical leftist and Communist infiltration of the trade-union movement. In order to cultivate the dispositivo military, Goulart kept General Amaury Krueel, who had moderate political views, in the first presidential cabinet as War Minister. He also appointed pro-Goulart officers to posts of importance, such as General Osvino Alves, commander of the First Army (Rio de Janeiro), and General Jair Dantas Ribeiro, commander of the Third Army (Rio Grande do Sul) (Skidmore 1967:235-6).

<sup>44</sup> Huntington (2006:375 note 35) defines agrarian reform as "improvements in farming techniques, farm equipment, fertilizers, soil conservation, crop rotation, irrigation, and marketing which have the effect of increasing agricultural productivity and efficiency". Land reform, for its turn, "refers to the redistribution of land ownership and hence of income from land".

<sup>45</sup> Under the Rural Labor Statute of 1963, the unions were constituted to deal with the economic activities of the laboring class, and political activity was forbidden. With that, Goulart addressed the demands of the rural proletariat, but not the issue of agrarian reform per se. The hierarchical structure of the rural union organization and its extreme bureaucratic control meant that Goulart intended to keep the peasantry under his control (Forman 1975:192). Rural incorporation was a means to his own end: to stay in power.

sought to institutionally formalize the government relationship with the rural workers. In November 1963 the minister of labor sponsored the formation by the ULTAB,<sup>46</sup> the PTB and other parties of a new rural workers confederation, the CONTAG,<sup>47</sup> which began to work in cooperation with the government (Collier & Collier 2002:568). By doing that Goulart was trying to convert peasant loyalty into a political resource.

However, the utterly unpopular measures implemented in the Dantas-Furtado Plan (1963-65) to deal with Brazil's economic crisis triggered the extreme left opposition.<sup>48</sup> The plan involved ending the subsidies on wheat and oil imports, which happened in January 1963. As oil products and wheat directly affect the cost of transport and bread, there was an immediate increase in the cost of living. Consequently, the inflationary effect of the public deficit to finance the subsidies was replaced by the inflationary effect of the increased prices of the non-subsidized bread and bus fares.<sup>49</sup> The extremist left considered the plan as "conciliatory half measures". The failure to pass the reforms could permanently end Goulart's political career, since he would be devoid of political support

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<sup>46</sup> In 1957 the PCB formed the ULTAB (União de Lavradores e Trabalhadores Agrícolas do Brasil) as a rural worker organization, comprehending mostly sugar and coffee workers to press for collective bargaining. By cooperating with the government the ULTAB unions benefits of access and financial support, and the advantage of legal recognition after the Rural Workers Law of 1963 (Page 1972:82 in Collier and Collier 2002:567-68).

<sup>47</sup> CONTAG stands for Confederação Nacional de Trabalhadores da Agricultura.

<sup>48</sup> Also called Plano Trienal (Three-Year Plan). From 1949 to 1959 Brazil had suffered inflation rates ranging from 12 to 26 percent. Inflation hit 39.5 percent in 1960 and 52 percent in 1962 (Skidmore 1988:12). The Plano Trienal aimed to reduce the rate of inflation to a level of 10 percent in 1965, while maintaining an annual real rate of growth of 7 percent. This would be accomplished by the financing a continued high level of public investment (necessary for growth) through new progressive taxes and the reduction in subsidies for the government-owned shipping and rail industries. An aggressive export program of manufactured goods and iron ore would ensure the foreign exchange necessary to maintain the imports necessary for continued industrialization (Skidmore 1967:326, 328). The plan had a firm wage policy. Dantas recommended a salary increase for civil servants and the military of no more than 40 percent.

<sup>49</sup> The plan estimated a final increase of 40 percent for transport costs and of 177 percent for wheat and bread. However, in March alone the price level rose 9 percent, and 16 percent in the first three months. The cost of living in Rio de Janeiro increased 31 percent in the first six months of 1963 (compared to an increase of 18 percent for the same period of 1962). The inflation rate headed for a level of at least 75 percent by the end of 1963 (Skidmore 1967:239, 242-3, 257).

from all sides of the political spectrum. From Goulart's point of view, thus, by early 1964 the conflict had become very intense, giving him greater incentives to incorporate the countryside.

Contrary to Vargas, however, Goulart had no latent capacity for rural incorporation, due to two main reasons: i.e., the different circumstances under which the two leaders assumed power and the 1929 crash. The circumstances under which Vargas assumed power gave him the ability to unilaterally alter the distribution of power in favor of the central government vis-à-vis state governments. Goulart, in turn, not only lacked the broad political coalition who put Vargas in power, but also was severely handicapped by the parliamentary system.<sup>50</sup> Moreover, an exogenous shock – the crash of 1929 and the consequent depression – put the rural oligarchy in Vargas' hands. No similar shock favored Goulart.

### **Conclusion**

This paper examined the fundamental hypotheses of Waldner's Rural Incorporation Theory (WRIT) in the two major turning points of Brazilian regime history: the elite conflict that put Vargas in power and the elite conflict that installed the military dictatorship. It's finding did not disconfirm Collier & Collier hypothesis, i.e., that rural incorporation was absent in Brazil due to the strength of the oligarchy.

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<sup>50</sup> According to Cohen, the turn to parliamentarism was a deliberate attempt to prevent Goulart from implementing his radical program of "basic reforms." The parliamentary system greatly increased the power of Congress over the president. Only the prime minister could propose bills as well as the government budget, and only he could decree and execute federal intervention as well as a state of siege. All acts of the president would have to be countersigned by the prime minister and the heads of the relevant ministries. The right of the president to dissolve the Congress and call new elections would apply only to the following legislature. The president could be impeached. Since the leading party in Congress, the PSD, was a center-right party that favored only a piecemeal program of reforms, the parliamentary system ensured that reforms would be implanted in a very gradual manner (Cohen 1994:77, 152).

However, it supports Waldner's critique of the Collier & Collier that preference is ontologically separate from capacity and therefore cannot be derived from it.

The study cases in this paper should be seen in the light of a much broader enterprise. By themselves, these study cases do not confirm or disconfirm WRIT. Such a test would require both quantitative data supporting the correlation between rural incorporation and regime stability, and comparative case studies in which the causal claim could be supported by the demonstration of the operation of the causal mechanisms linking rural incorporation to regime stability. The case studies presented in the paper, nevertheless, constitute a small though relevant contribution to the much larger WRIT project, being part of one of its negative cases (no rural incorporation, no regime durability).

## ANNEX

### Comparing Brazil's and Mexico's Antecedent Conditions

**Size and demography** – Brazil and Mexico, together with Argentina, have always been the largest countries in Latin America, both in terms of size and population. Brazil and Mexico presented similar patterns of urban population distribution in the first decades of the twentieth century (see table 2). As the rate of population growth in Rio de Janeiro stabilized, the population in São Paulo grew almost 70 percent in 2 decades while the population in Mexico City grew almost 60 percent in the same time. The percentage of the population living in urban centers in 1920 was 13.0 in Brazil and 12.6 in Mexico (see table 3).<sup>51</sup>

Brazil and Mexico also presented similar patterns of rural population and land distribution by the beginning of the twentieth century: i.e., both had a large mass of landless people, on the one hand, and latifundia on the other hand. Caio Prado (in Forman 1975:30) estimates that by 1880, poor and middle peasants in Brazil comprised approximately 6 million people (half of a population of 12 million people).<sup>52</sup> In 1920 owners of rural properties of up to 100 hectares comprised 71.6 percent of the total number of rural properties, which occupied only 8.97 percent of the total rural area in Brazil (see table 4). In the newly independent Mexico, communal villages had 40 percent

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<sup>51</sup>The Mexican Revolution (1911-17) seems not to have affected the pattern of population growth in the urban centers. Actually, Mexico's urban population grows more in the 1910s than in the decade before.

<sup>52</sup> The rich peasant is the commodity producer who farms commercially, utilizing hired labor. The poor peasant is that who possess no land and is forced to sell his labor on the market. The middle peasant has land adequate for subsistence only. As one man may simultaneously be an owner, renter, sharecropper, employee, and wage earner on different agricultural properties, I make no distinction here between poor and middle peasantry. In Brazil, those two categories were formed by freed or runaway (or ex- after 1888) black or mulatto slaves, semi-aculturated Indians, mestizos of all color gradations and categories, and whites descending from Portuguese families (Forman 1975:190, 273 n. 73, and 30).

of the cultivable land in the central and southern parts of the country.<sup>53</sup> When Díaz fell in 1911, the communal villages had only 5 percent of that land. By 1910 over 90 percent of Mexico's peasants (circa ten million people) were landless while one percent of the population owned 85 percent of the arable land (Katz 1991:56-58, 94; Collier & Collier 2002:115; Huntington 1968:316).

Finally, in Brazil substantial internal rural-urban migration did not begin until the 1930s, and in Mexico heavy internal migration did not begin until the Revolution of 1910 (Collier & Collier 2002:69, 98).

City	Year	City Population	City Pop. as percent of Nat. Pop.
Rio de Janeiro	1906	811,443	4.0
	1920	1,157,843	4.2
São Paulo	1900	239,820	1.3
	1920	579,033	2.1
Mexico City	1900	344,721	2.5
	1910	471,066	3.1
	1920	615,000	4.3

*Source: Collier and Collier 2002:66.*

Brazil	13.0
Mexico	12.6

*Source: Collier and Collier 2002:66.*

Size of the Farm (in hectares)	Number (1 million)	Percentage of the total number	Area (hectares 1 million)	Percentage of the total area
Under 10				
10-100	463.9	71.6	15.7	8.97
100-1,000	158.0	24.4	48.4	27.6
1,000-10,000	24.6	3.8	65.5	37.4
Over 10,000	1.7	0.26	45.5	26
TOTAL	648.2	100	175.1	100

*Source: IBRA 1967 in Forman 1975:45.*

<sup>53</sup> Mexico became independent from Spain in 1821.

**Economy and industry** – During the Old Republic, the Brazilian economy was dependent upon the exportation of coffee, cocoa, cotton, and rubber. The incoming foreign exchange was used to import nearly all the manufactured goods consumed at home, except for a few items such as textiles. The advocates of industrialization were unsuccessful in demanding higher tariff protection and more credit to infant industry. Marketing controls (known as “valorization” plans) were implemented in order to maximize export earnings, benefiting especially exporters and the state governments of São Paulo, Minas Gerais and Rio de Janeiro (Skidmore 1967:41-42).

Similarly to Brazil, Mexico under Porfirio Díaz (1876-1911) exported raw materials and imported manufactured goods. Mexico exported silver and gold; industrial minerals such as copper and zinc (mainly from the north); cattle- and sheep-herding goods (also from the north); sugar (from the center-south); and fiber (from Yucatán). Oil production started just after 1900, and by 1920s Mexico was one the world’s leading sources of petroleum (Smith 1991: 323-324). Table 5 summarizes Mexican exports sectors’ growth between 1877 and 1911. After 1990 industrial development in Mexico greatly slowed down, due to a fall in the living standard (which limited the expansion of the market for industrial goods) and also to the lack of government policies (Katz 1991:76). Similarly to Brazil, industry in Mexico never received subsidies nor had the Díaz government any plans to foster and protect domestic industries.

SECTOR/ YEAR	1877-8	1891-2	1900-1	1910-11
Silver	607,037 Kg	-	1,816,605 Kg	2,305,094 Kg
Lead	-	38,860 tons	79,011 tons	120,525 tons
Cooper	-	6,483 tons	28,208 tons	52,116 tons
Henequén	11,383 tons	-	78,787 tons	128,849 tons

*Source: Katz 1991:75*

**Labor movement and European immigration** – Rapid economic growth before the turn of the century led to an increase in the number of industrial workers in Mexico, from 692,697 in 1895 to 803,294 in 1900 (Katz 1991:105); an increase of almost 14 percent in 5 years.<sup>54</sup> According to Collier & Collier (2002), Mexico developed one of the strongest labor movements in Latin America before its critical juncture, which they measure by the number of strikes experienced until that period: 55 strikes occurred in the 1880s, 45 in the 1890s, and 14 in 1900-1901 alone. After a pause during 1902-5, when 15 strikes occurred, a new wave of labor protest began in 1906 and, until Díaz resignation in 1911 this period saw 119 strikes (Collier & Collier 2002:78-79).

The Brazilian labor movement, for its turn, presented a declining pattern of activities between the 1900s and the 1930s. Nonetheless, extensive strikes and worker organization in São Paulo and Rio de Janeiro suggest a substantial degree of labor movement development. In the state of São Paulo there were 24 strikes for the period 1888 to 1900, while a similar rhythm of strikes is reported to have happened at that same time in Rio de Janeiro (Maram 1972:237 in Collier & Collier 2002:70). 19 strikes occurred in São Paulo in 1901-02 alone.<sup>55</sup> The creation of the first regional labor federation in Rio de Janeiro in 1903, the first national labor congress in 1906, and the

<sup>54</sup> These numbers exclude the workers employed in transportation and in the public sector.

<sup>55</sup> According to Simão (in Collier and Collier 2002:69), 15 percent of Brazil's industrial workers were in the state of São Paulo in 1907, 30 percent in 1920, and 35 percent in 1940.

Brazilian Workers' Confederation (COB) in 1908 also indicate a substantial degree of labor movement development (Collier and Collier 2002:70). As Collier & Collier conclude, there had been a substantial evolution in labor organization in both Brazil and Mexico by the time of their respective disequilibrating events.

Brazil experienced massive European immigration, which played a central role in the organization of its labor movement. In the state of São Paulo 70 to 90 percent of industrial workers were foreigners, coming mainly from Italy. The state of Rio de Janeiro had 43 percent of its labor force constituted by foreigners, which were mostly Portuguese immigrants. Between 1890 and 1920, 46 percent of labor leaders in Rio de Janeiro were foreigners, while in São Paulo this number grew to 82 percent (Collier & Collier 2002: 68-69).

Mexico, on the other had, did not receive as many European immigrants, mainly because the salaries in industry were too low to attract European workers (Katz 1991:74 and Collier & Collier 2002:77).<sup>56</sup> However, Mexico's working class was still influenced by the contact with foreigners. Most factories were foreign-owned and even Mexican-owned enterprises were managed by foreigners.<sup>57</sup> Also, the Mexican workers who migrated to the United States often faced discrimination. These two factors created a strong sense of nationalism among Mexican urban labor. Moreover, many Mexican workers in the US had contact with American trade unions, especially with the radical Industrial Workers of the World (Katz 1991:106-107). Finally, Collier & Collier (2002:77) add that between 1887 and 1900, over 6,000 Spaniards came to Mexico, many

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<sup>56</sup> During Díaz administration, immigration was minimal and consisted mainly of upper- and middle-class merchants, investors and technicians (Katz 1991:74).

<sup>57</sup> Moreover, a foreign worker earned several times a Mexican worker's salary. This was true especially in railways where American employees were granted preferential status both in access to jobs and in terms of salary (Katz 1991:106).

being exiled leaders and intellectuals from the large Spanish anarchist movement. Their arrival “appeared to coincide” with a revival of anarchist organizing.

**Middle sectors and party system** – In Brazil and Mexico, the emerging middle sectors espoused similar themes such as broadening suffrage, honesty and openness of elections, and the need to find a solution to the social question.<sup>58</sup> In Mexico due to the displacement of peasants from their lands, issues such as peasant incorporation and land reform were more pronounced than in Brazil (Collier & Collier 2002:101). In both countries, despite of the antagonism between the middle class and the landowners,<sup>59</sup> those classes were united in their opposition to the “popular sector” (Katz 1991:52-53).<sup>60</sup>

Brazilian parties were personalistic, non-ideological, and local, being an instrument of the local oligarchies for the control of local and state politics (Collier & Collier 2002:107-108). In Mexico, the high levels of instability, long periods of military conflict, and the persistence of caudillo politics that followed its independence prevented

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<sup>58</sup> The middle sectors comprise government bureaucrats and low-level government employees, local merchants, white-collar employees, small entrepreneurs, light industry, artisans, rancheros, and radical intellectuals, professions, among others.

<sup>59</sup> The middle sectors saw the power of landowners the as a major impediment to their own advancement. In Brazil, for example, the growing urban middle sector demanded that the previous income and property requirement for suffrage to be replaced by one based on literacy, realized with the Saraiva Law of 1881 (Forman 1975:148, 159). During the First Republic (1889-1930), the need to satisfy the demands of the emergent middle sector gave rise to the “cartorial state” (Forman 1975:164). According to Hélio Jaguaribe (in Schneider 1971:23), “the cartorial state is one in which public employment is used to provide positions proportional to the political needs of the elite, rather than to the requirements of effective public service”. Appointments are exchanged for electoral support. Although such a system is administratively dysfunctional, it is politically significant, since the middle class contributes with its weight on public opinion and political matters, as well as in the making and execution of policy decisions. In Mexico, the middle class initially received political concessions from the Díaz government, such as having the newly elected Congress to proclaim the principle of no re-election not only of the president, but of the governors as well. This meant that many “outs” among the middle classes would have a better chance of gaining power (Katz 1991:67). However, after returning to office in 1884 Porfirio Díaz penalized the middle classes through the disappearance of autonomous political parties, rare parliamentary elections, and the disempowerment of the Congress. The government increasingly controlled the press (Katz 1991:107).

<sup>60</sup> The “popular sector” can be defined as peasants and proletariat of textile workers, blacksmiths, shop clerks, and the like.

any institutionalized pattern of civilian rule.<sup>61</sup> As a result the formation of durable political parties was precluded (Collier & Collier 2002:113). During the Porfiriato, a kind of two-party system emerged in Chihuahua and a number of other states. However, these “parties” were regional in nature and similar to extended family groups or patron-client coalitions. Moreover, Díaz never allowed the formation of real opposition parties while he opposed the creation of a government political party as well (Katz 1991:84).

**Oligarchy** – The greatest contrast between Brazil and Mexico’s antecedent conditions is the *relative strength of the oligarchy*. I operationalize this concept by measuring the oligarchy’s economic and political power. The oligarchy’s economic power comes from their control over the economic resources that constitute them as members of the elite: i.e., land. Most importantly, the oligarchic economic power depends on the relevance of their resources to the production of national wealth (GNP). The oligarchy’s political power, for its turn, depends on its ability to influence political outcomes, which can be measured by their control of the electorate and by their subsequent representation in Congress and in other political bodies at state and municipal levels. While in Brazil the oligarchy had an unusual capacity for the direct exercise of power in the political sphere, sustaining its position due to the electoral support it maintained through the clientelistic control of the rural sector, Mexico experienced an erosion of the oligarchy’s economic, social, and political position (Collier & Collier, 2002:104-105).

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<sup>61</sup> “In the first fifty years as an independent nation Mexico had over thirty presidents, more than fifty governments, two or even three governments claiming jurisdiction simultaneously, and one man, Santa Anna, as president nine times, not to mention one empire, five constitutions and two foreign wars” (Russell 1977:15 in Collier and Collier 2002:114).

The First Republic's (1889-1930) compromise between the military and the traditional landed power resulted in the Brazilian federated system, which found its full expression in the "política dos governadores" (governors politics). In such a system, state governments and the president of the republic agreed to mutually respect each other's authority in their respective domains. The trade-off was congressional support for the president, whereas the governors enjoyed de facto provincial autonomy and the guarantee of federal patronage, including the right to appoint public functionaries at the state and municipal levels (Forman 1975:165).<sup>62</sup> The electoral system, which had its roots in the Second Empire, was fully subordinated to agrarian interests.<sup>63</sup> Clerks in commerce and the laboring classes, whether urban or rural, were excluded from the electorate on the basis of their income (Forman 1975:158-9).

In sharp contrast to Brazil, Mexico had no traditional oligarchy able to consolidate its rule through the establishment of stable civilian political institutions, mainly because of the continuous political turbulence that prevailed from independence until the Pax Porfiriana. Moreover, the period of land consolidation and concentration in Mexico resulted not in the clientelistic control of the peasantry, but in the very opposite as the expulsion of the peasantry from the land deprived the oligarchy of a base of

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<sup>62</sup> The dominant oligarchies in the "política dos governadores" were those of São Paulo, Minas Gerais, and Rio Grande do Sul, with coffee interests, cattle ranchers, and sugar plantation owners as prominent players. Minas Gerais and São Paulo were frequently allied, alienating Rio Grande do Sul from the federal government (Collier & Collier 2002:106-107).

<sup>63</sup> Until 1846 the criteria to be a qualified voter to select the Electoral College was to have annual earnings of at least the value of 150 alqueires of manioc flower. The Electors, whose earnings were above the value of 250 alqueires, chose the members of the Chamber of Deputies. The criteria to candidate for deputy was to earn more than the value of 500 alqueires, while senatorial candidates were required to exceed 1,000 alqueires (Forman 1975:158-9). The electoral reform of 1846 made metal money the basis of voting rights. It double the minimum values required, but still extended the suffrage. In 1876, there were only 24,637 voters out of a population of 10 million. The Saraiva Law of 1881 provided for direct and "universal" suffrage for all males over twenty-five years old of age, but instituted a literacy requirement (Forman 1975:159).

political support (Collier & Collier 2002:114 and Katz 1991: 49-53).<sup>64</sup> This situation was exacerbated by the fact that the Mexican constitution of 1857 gave every Mexican, excluding only vagrants and criminals, the right to vote and to be elected (Bazant 1991:36). Economically, the emergence of the oil sector led to the economic decline of the agrarian sector, deteriorating the condition for elite status of the landed oligarchy.<sup>65</sup> During his government, Díaz replaced local caciques loyal to his predecessors, such as Chihuahua governor Luis Terrazas, by rivals of similar social origins. If the removed caciques did not oppose Díaz, they were allowed to keep their property and to expand their economic influence (Katz 1991:66-7).

Therefore, at the time of the Mexican Revolution, the Mexican oligarchy was in a relatively weaker position than their Brazilian counterparts. Note, then, that your paper to here substantially agrees with the Colliers, and there is yet no significant critique of their work, other than the relatively brief reference to preferences versus capacity. The Brazilian oligarchy, especially that of São Paulo and Minas Gerais, had both economic and political power. Economically, it was strengthened by the Brazilian laissez-faire orientation in which Brazil occupied the “natural” role of raw-material exporter.

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<sup>64</sup> The victorious Liberals in Mexico in 1855 desired to create an agrarian middle class similar to that in the United States that would ensure rapid economic growth, political stability, and the development of democratic institutions. For that sake the Ley Lerdo was enacted in 1856, it prohibited ecclesiastic institutions from owning or administering property not directly used for religious purposes and prohibited corporate property to civil institutions, which effectively abolishing communal land tenure. All these lands had to be sold. Only individual farmers and private partnerships and companies were able to keep their lands. However, the liberal plan failed. Because the lands were sold by the highest price possible, rich landowners acquired most of them, precluding the formation a class of small farmers (Katz 1991:49-51). For the number of landless peasants at the end of the Porfiriato see the previous sub-section on “size and demography”. For the number of landless peasants at the end of the Porfiriato see the previous sub-section on “size and demography”.

<sup>65</sup> In 1926 oil became Mexico’s largest export. The overvalued exchange rates resulting from the oil economy made agricultural exports (specially cocoa and coffee) noncompetitive, and agricultural production was increasingly abandoned in order to sell the lands to oil companies (Collier & Collier 2002:115).

Politically, it was favored by clientelism and the very electoral system. The Mexican oligarchy, for its turn, had little political power, as evidenced by the easiness with which Díaz removed many of them from power, and had a declining economic power, as the oil sector grew.

On what regards capacity, a strong oligarchy has better chances of resisting popular pressure and of, this presumes that rural incorporation is a ‘bottom-up’ process. I do not, and you have adopted my theory. consequently, preventing rural incorporation, while a relatively weaker oligarchy permits more coalitional options, including one that incorporates the peasantry. As Collier & Collier (2002:123-24) correctly evaluate, in Mexico a broader range of coalitional options was possible than in Brazil. First, the conservative alliance (among conservative sectors of the military, the bureaucracy, and rural oligarchy) that could block reform and counter popular mobilization was a much weaker in Mexico. Second, the changing patterns of social relations in the countryside gave way to peasant dissatisfaction and, given the relative weakness of the landed oligarchy, agrarian reform was a plausible option.

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