

Introduction

The Origins of State Capacity in Latin America

States are crucial to nearly every aspect of our lives. The ability of state institutions to effectively exert authority throughout the national territory underpins variation in access to economic opportunity, the provision of public goods, and the protection of legal rights. Yet in Latin America, variation in state capacity has only recently become an object of serious scrutiny. Much of our understanding of the state has come from studies of its origins in Europe, where a vigorous debate among scholars has generated extensive cumulation of knowledge in both theoretical and empirical terms.¹ This school of research has been complemented in recent years by a growing literature exploring the “failure” of some contemporary states to fulfill even their basic functions.²

This dual focus on the world’s strongest and weakest states ignores much of the contemporary variation: no state in Latin America, for example, could be described as a Hobbesian Leviathan or a Scandinavian cradle-to-grave provider, nor is any as vestigial as those of Chad or Somalia. Yet within Latin America, state capacity varies quite widely across countries. Some countries, like Chile and Uruguay, provide basic public goods and security to their citizens, and are able to extract revenues and enforce laws. But illiteracy in Bolivia is about five times as high as in Uruguay. For every child not vaccinated in Chile, about ten go unvaccinated in Ecuador. While the 2011 census in Uruguay was administered effectively, the 2005 census in Peru was so flawed it had to be

¹ Among the many important contributions to this literature, some central works are Tilly (1975), Tilly (1992), Ertman (1997), Downing (1992), Spruyt (1994), and Gorski (2003).

² Herbst (2000); Bates (2008).

repeated two years later. The homicide rate in Venezuela is about ten times as high as that of Uruguay. How can we account for this variation in the state's ability to carry out a set of core functions?

Even more striking is the territorial unevenness in state capacity in the region's weaker states, which is concealed by national average measures of state capacity (Snyder 2001b). In Colombia, for example, the national literacy according to the 2005 census was 85.9 percent, but schooling only reached 60 percent of the residents of La Guajira, and 78.4 percent of the residents of Córdoba. By contrast, in Chile, which had a national literacy rate in 2002 of 87.5 percent, every province's literacy rate was more than 80 percent. In Bolivia, the national vaccination rate for children in 1997 was 74.1 percent, but at the department level, vaccination rates ranged from more than 95 percent in Chuquisaca to less than 50 percent in Pando.³

This subnational variation in the provision of basic services reflects a crucial aspect of stateness: the state's reach over territory and ability to implement its chosen policies. Today, Latin America's states share many features of institutional design, a certain degree of bureaucratic professionalism in the halls of ministries and executive agencies, and enjoy basic stability.⁴ The most striking difference across states in the region is in the performance of basic functions, and in particular, in the reach of the state agencies that provide those functions over a territory.

The goal of this book is to explain why in some Latin American countries, state institutions reach across the national territory and operate with a degree of capacity, while in others, the state is vestigial and ineffective. Rather than assuming that contemporary variation has contemporary roots, I begin by examining the historical record. I show that contemporary rankings of countries on various aspects of state capacity are very strongly associated with their ranking in 1900. This finding resonates with a central aspect of the scholarship on state strength more generally: nearly all research on this question points to historical causes (such as war, colonial rule, or early institutional choices) to account for

³ Data are from Instituto Nacional de Estadística de Bolivia, 1997 data on immunizations by province. I generate average immunization rate figures as follows: average the number of each of five types (Polio first and third dose, BCG, and DPT first and third dose) given in each province, and divide by the number of one-year-old residents (estimated as 2.9% of total population, based on population pyramid in 2007 census).

⁴ Both Dargent (2015) and Gingerich (2013) show that variation in bureaucratic professionalism and institutional capacity vary more across agencies within states than they do across states within Latin America. The same is not true for the state's performance of basic functions and its reach across its territory.

contemporary variation. Thus in devising a historical account of contemporary variation in state capacity, the argument advanced in this book falls in the mainstream of scholarship on state development.

But this book diverges from existing scholarship in an important way: I argue that we must explicitly separate the theoretical accounts of the factors that cause state-building efforts to *emerge* and the factors that lead to *success* or *failure*. Making this separation, the framework I develop charts three paths to contemporary outcomes: those in which state-building efforts never emerged, those in which state-building efforts failed, and those in which state-building efforts succeeded. As I discuss later, accounting for all three paths is necessary for a theoretically complete explanation of variation in state capacity. Most existing scholarship falls short of this goal because it tends to limit itself to explaining why state-building efforts emerge, and fails to theorize the set of causal factors underlying state-building success.

This book follows the evolution of the state in four Latin American countries during the Liberal era, running from the end of the post-independence crises in each to the early twentieth century. Colombia followed the first path described previously, and Peru the second: these are two logically distinct routes to contemporary state weakness.⁵ I select Mexico and Chile as my two cases of successful state building because the many differences in historical, social, economic, and political terms between these cases helps me to isolate the factors they had in common that were necessary for state-building efforts to succeed. These three trajectories leading to the outcomes of state strength and weakness account for variation in state capacity in Latin America, and are the topic of this book.

TWO QUESTIONS

The theory developed in this book is designed to answer the two key questions about the development of state capacity: What are the factors that cause state-building efforts to *emerge*? And what are the factors that lead to *success*? The answers I develop to these questions, which I preview in this brief discussion and present in Chapters 1 and 2, are shown in Figure 0.1.

⁵ As discussed later, Peru saw some gains in state capacity during the Aristocratic Republic (1895–1919): the contrasting trajectories of state development during two historical periods in Peru helps isolate the factors necessary for state building to succeed.

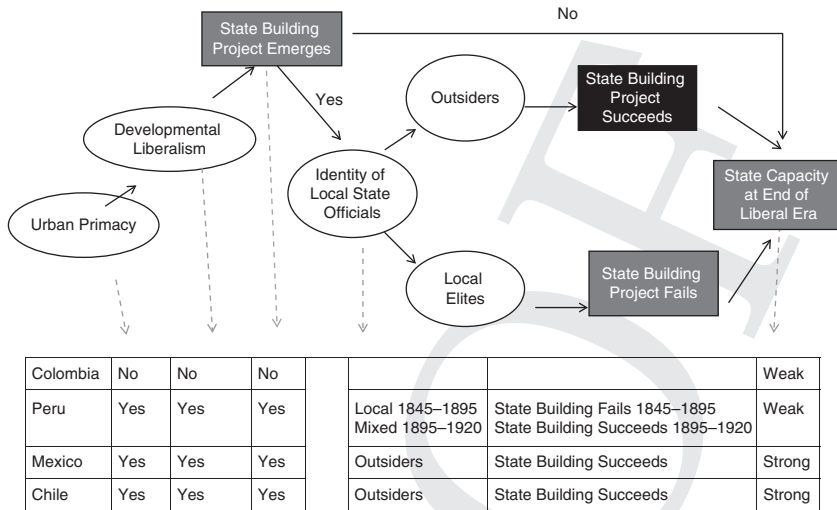


FIGURE 0.1. The emergence and success of state-building projects in Latin America.

The Emergence of State-Building Projects

The first puzzle is why state-building projects emerge. In the absence of the wars that force state leaders to mobilize resources and manpower or risk defeat and devastation, we cannot take for granted the decision to undertake major investments in extending the reach of state institutions. Here, I focus on the role of geography and broad ideas about development. I argue that in a climate of relative stability that emerged after the post-independence crisis eased, state leaders opted for state building if and when they saw it as a means to the developmental goals they sought—economic growth, social peace, and political stability.⁶ Whether state building seemed propitious depended, in turn, on the nature of political and economic geography: where a single dominant urban core existed and development was seen in a center-periphery dynamic, an elite consensus about the importance of extending central authority for

⁶ In pursuing state building as a means to seizing on an opportunity, I argue that Latin American state leaders acted more like Olsonian “stationary bandits” (Olson 1993) and that state building was largely proactive rather than emerging as a reaction to threats, whether internal or external. Internal threats do enter into the explanation for success and failure of state-building projects, as discussed later – where they were present, they affected the design of administrative institutions in ways that impacted state-building efforts – but I argue that they did not spur state-building efforts in Liberal-era Latin America.

development could take hold. By contrast, where multiple regional centers each sat astride a distinct regional political economy, the construction of central state authority did not seem a propitious development strategy. This was so for two reasons: first, elites clashed because each region had distinct public good preferences. Second, where regions had self-contained economies and could generate sufficient economic production on their own to maintain and even increase standards of living without the need for national integration, visions of development centered on the promotion of regional progress, which did not depend on the extension of the authority of the central state.

As the left half of Figure 0.1 indicates, Colombia diverged from the other three cases at this point: its trajectory of state weakness across the century after independence can be explained by its polycentric economic geography. Fragmented into multiple regions, it saw the consolidation of a strikingly *laissez-faire* elite consensus that brought to power a series of efforts to pursue development by dismantling, rather than building, the state. In the other three cases, the broadly liberal consensus after mid-century had a developmental core, and concerted state-building efforts ensued.

The Success of State-Building Projects

But accounting for the emergence of state-building projects is insufficient to explain the variation we observe in state capacity. Among our cases, Peru saw major state-building efforts, yet its state is quite weak by regional standards. We need, therefore, an explanation for why only some state-building efforts succeed, and some fail. The failure of such efforts is not only a logical possibility but a historical reality, yet explaining why state-building efforts fail has been almost completely neglected by political scientists and historical sociologists. For more than three decades after 1845, state leaders in Peru presided over a concerted effort to extend the reach of the state across the national territory, and funded this effort with immense revenues from the guano monopoly the country enjoyed. Yet despite consistent policies and more than adequate spending, the results were minimal. How can we explain why state-building efforts succeeded in Mexico and Chile, but failed in Peru? In answering this question, the greater success of state building in Peru after 1895 provides an opportunity for contrast within a single country over time, in addition to the cross-national leverage gained from cross-national comparison.

Relying on both cross-national and within-nation comparison, I argue that the fate of state-building efforts depended on the design of the institutions of local administration that extended the state's reach into the national periphery. More specifically, I argue that state-building efforts failed where local elites were tasked with administering them, but saw more success where local administrators were outsiders in the communities in which they served. Two logics underpin this claim: I argue that local elites were both less invested in state building, and less accountable to their superiors in the national bureaucracy. In Peru, especially before 1895, state leaders delegated administration to local elites, and the result was that the state-building initiatives emanating from the center bore little fruit. By contrast, in Chile and Mexico, state leaders deployed bureaucratic outsiders across the national territory; this led to greater success in state building.

In combination, then, the account I develop for variation in state capacity in Latin America is causally complex in two senses. First, variation cannot be accounted for in a univariate model: it depends on ideational factors (and their geographic underpinnings) and the design of local administrative institutions. Second, these two sets of factors are not analytically equivalent independent variables: instead, the former set accounts for the emergence of state-building efforts, while the latter, causally relevant only where state-building efforts emerge, accounts for success and failure.

This book traces this account through the four cases highlighted in Figure 0.1. It is based on material in the voluminous collection of national and regional histories of these cases, and on extensive primary source research in archives of various government ministries. In the Conclusion, I use this framework to consider the state-building trajectories of other Latin American countries, showing that they can also be explained by this argument. I begin in this chapter by defining state capacity and collecting systematic data to substantiate the broad regional trajectories. I then develop the research design and describe what is to come in the chapters that follow, which focus on the four cases in detail.

STUDYING INTRA-REGIONAL VARIATION

Studies of state capacity in the developing world can be crudely sorted into two categories. A first set of works, such as Centeno (2002), explain why the states of a particular region differ from those in early modern Europe, and downplay or set aside the determinants of intra-regional

variation. Although he does devote part of his account to explaining intra-regional variation in the capacity of African states, Herbst (2000), too, focuses on explaining why African states do not resemble those of Europe. These studies have made important contributions to our understanding of the limits to the scope of theories derived from European history, but in logical terms, regional characteristics cannot account for intra-regional variation.

A second set of studies have set aside comparisons with Europe to focus on explaining intra-regional variation. Holding regional characteristics constant where possible, these works have sought to account for the distinct trajectories taken by individual countries. Slater (2010) and Vu (2010) explain the evolution of state-making in post-war Southeast Asia. Downing (1992), Ertman (1997), and Gorski (2003) identify differences among countries in early modern Europe that account for the distinct trajectories taken by their states within a broadly similar regional context marked by intensified military competition. Fernando López-Alves (2000) engages in the same sort of intra-regional comparison within Latin America. Like this book, he focuses on the nineteenth century as the crucial moment in which variation in state capacity emerged among Latin American countries. López-Álves argues that the nature of internal conflicts in the aftermath of independence was the crucial factor underlying variation in the subsequent evolution of states, although the ultimate goal of his study is to explain the type of regime that was consolidated. This book differs from his in two crucial ways. First, I argue that the crucial moment in which state building was possible occurred only after the post-independence conflicts came to a close and a modicum of stability emerged. Second, I do not explore regime dynamics at all in this book; my focus is on the power of states, independent of the regimes that rule them.

Kurtz (2013), Saylor (2012), and Paredes (2013) also explore intra-regional variation in state capacity within Latin America, although both Kurtz and Saylor also extend their argument to cases outside the region. Saylor and Paredes argue that commodity booms are windows of opportunity for state building, moments in which state capacity can be built if certain conditions hold. Both emphasize the nature of elite coalitions in explaining when commodity booms spur the state's creation of new public goods: Saylor argues that state building occurs in the context of commodity booms when insiders (members of the ruling coalition) seek new public goods in order to maximize their gains from commodity exports, or when booms benefit outsiders sufficiently to scare insiders into state building to lock in their distributional advantage. Paredes also

emphasizes the divisions between existing elites and newly rising sectors that benefit from commodity revenues in preventing coordination around concerted, planned, state-building efforts.

Kurtz, too, focuses on relations among societal actors, but in addition to relations between elites, he argues that interest in state building on the part of rural elites depends on rural labor relations: where agrarian labor is marketized, he argues, elites will be more amenable to state building than when it is more akin to serfdom. My account differs from these important studies in two fundamental ways. First, whereas Kurtz and Saylor focus on the political motives for state building, I also unpack its administration. As I argue in more detail in Chapter 2, to explain the breadth of elite support for a state-building project is insufficient to account for variation in state capacity; a full theory of variation in state capacity must also explain the fate of the state-building projects that are undertaken, and that fate (as I show in this book) is determined by factors independent from those that determine the choice to build state capacity. Second, I see the motives behind state-building projects as shaped more by ideology and less by the narrow elite interests emphasized by all three authors. As I show in Chapter 1, the onset of state building was propelled not by narrow interests in the provision of particular public goods, but by a belief that increased state capacity would serve a broad range of interests in the long term.⁷ As I argue later, state building was a *state* project rather than a sectoral or class project.

Explaining variation within a single region has both advantages and limitations. Restricting the analysis to Latin American cases truncates the range of state capacity being investigated. At first glance, this may be seen as a disadvantage in terms of generalizability. Yet the extent of intra-regional variation to be explained is still sizable, and it is quite striking, especially given that the cases shared similar (if not identical) experiences under Spanish colonial rule, similarly low levels of international war, and similar trajectories of integration into the global economy. Exploring this more fine-grained variation, which emerges in the presence

⁷ As I discuss further in Chapter 1, this should not be misread as a claim that state leaders were benevolent rather than self-interested. I simply claim that their interests in stability and economic development, which would serve both their interests in generating legitimacy and a hold on power as well as broader societal interests, are not reducible to interests of particular social actors. Underlying, perhaps, my differences with Kurtz and Saylor's accounts is the fact that I attribute more autonomy to Latin American state leaders than do either of my interlocutors, who see the state as serving the interests of a ruling elite coalition. My position here echoes that of Mahoney (2001), who studies the Liberal era in Central America. This issue is discussed in Chapters 1 and 2.

of so many similarities in historical and structural conditions, allows us to identify causal factors that remain obscured in comparisons of cases with a wider range of scores on the dependent variable. Thus, this book eschews claims of global generality to focus on careful comparison and within-case analysis of a set of countries that diverge on the outcome of interest without representing extreme cases (Slater and Ziblatt 2013).

STATE CAPACITY: CONCEPTS AND MEASURES

Building on Michael Mann's concept of infrastructural power, the object of interest in this study is the state's ability to exercise control and implement policy choices throughout the territory it claims to govern.⁸ Guillermo O'Donnell (1993) identified the importance of the spatial reach of state authority in a seminal article, which has formed the foundation of much concern about "stateness" in Latin America in the last two decades. Yet while many indices of state capacity exist, few capture this aspect of the state; few measure the territorial reach of state institutions, or the ability of the state to consistently and effectively perform a set of core basic functions throughout its realm.

Existing indices of state capacity are fraught with problems. This is particularly true of the industry of indicators of state weakness, state failure, and state fragility that has emerged in recent years. Among other problems, these datasets lack the historical data needed to trace state capacity over the long term, often rely on expert assessments rather than on objective data, and fail to make careful and transparent choices about conceptualization and scoring (Mata and Ziata 2009). As Kurtz and Schrank (2007) have shown, cross-national indicators of state capacity, such as the World Bank Governance Indicators, also suffer from problems of conceptual clarity and validity. The same is true of the Putterman Index of state antiquity, which has seen increasing usage in cross-national scholarship (Chanda and Putterman 2005).

Since even the most minimal core of state functions contains multiple dimensions, a single indicator of state capacity is too crude for all but the most general analyses. Thus single indicator measures of state capacity are also inappropriate for attempts to capture the overall concept (Hanson and Sigman 2011). This is true not only when the indicators are

⁸ The concept of infrastructural power is first developed in Mann (1984). See Soifer and vom Hau (2008) and Soifer (2008) for a more detailed unpacking of this concept and approaches to its study. For stylistic reasons, I use the terms "state strength," "state power," and "state capacity" interchangeably throughout.

crude, like GDP per capita (Fearon and Laitin 2003) or state antiquity (Chanda and Putterman 2005), but even for indicators like road density (Herbst 2000) or the tax ratio, which tap a particular dimension of the state. In response to these concerns, I choose not to rely on existing indices or on single indicators of state capacity. Instead, my approach assesses state capacity by examining the presence of various state institutions across the national territory, and their systematization and efficacy in enforcing state authority. I focus on three categories of core functions of the state: the administration of a basic set of services (primary public education), the mobilization of manpower, and the extraction of revenue. These are, of course, closely related to Charles Tilly's (1975, 50) disaggregation of state power into regulatory, extractive, and coercive dimensions.⁹ Because all states sought to perform these functions, assessing their performance on these dimensions captures the core content of Mann's concept of infrastructural power: the state's ability to implement its chosen policies. By focusing on these core functions, I ensure that my operationalization of state capacity does not conflate the state's strength with the scope of functions it performs (Fukuyama 2004).

Rather than capturing each of these three dimensions with a single indicator, I develop a more nuanced measurement scheme for each. These indicator-level measures are designed to capture the reach of state institutions over territory and their penetration of society, rather than just relying on national-level scores. They are also designed to measure as closely as possible the empirical *outputs* of the state, avoiding scoring based on the *de jure* content of legislation, the design of state institutions, or the outcomes of state policy.¹⁰ The chapters that follow focus on a small number of cases and take a more nuanced approach to the measurement of state capacity, focusing on the service provision, extractive, and coercive dimensions in turn. The power of the state to provide and administer basic public services is assessed in the realm of primary public education. Chapter 4 evaluates the spatial spread of public primary schooling, as well as the systematization of education: textbook and curriculum standardization, teacher training, and the construction of centralized inspection and oversight. The extractive power of the state

⁹ For a similar application of Tilly's three dimensions to measure state power, see Ziblatt (2006). Hanson and Sigman (2011) perform a factor analysis of more than thirty existing measures of state capacity and find that they cluster on the dimensions of extraction, administration, and coercion.

¹⁰ On the trade-offs involved in using outputs, outcomes, and institutional design to measure state capacity, see Soifer (2008) and Fukuyama (2013).

is assessed in the realm of taxation – Chapter 5 examines the tax burden per capita imposed on the population, and the types of taxes collected by the state, differentiated by the extent of spatial reach and administrative development needed for their assessment and collection.¹¹ The coercive dimension is assessed in Chapter 6, which examines military mobilization in response to internal and external threats, and the state’s capacity to conscript in a consistent and reliable manner. Here, too, I focus on the spatial reach of conscription practices, which are associated with the extent to which the army can serve as a “school for the nation” by mixing conscripts from across the country within its ranks.

STATE CAPACITY IN LATIN AMERICA: HISTORICAL TRENDS

While the succeeding chapters examine the four cases using the detailed operationalization scheme described previously, I begin by using a somewhat less nuanced approach to map the broad trends in the development of state capacity across the region. Table 0.1 scores the ten major countries of South America and Mexico on various simple measures of state strength. The first two columns provide indicators of coercive capacity – military mobilization (measured as the average of the share of the population in the armed forces and military spending per capita) and the homicide rate.¹² The next two columns provide indicators of the provision of basic public goods – the literacy rate and the rate of provision to children under the age of one of immunizations for measles and DPT.¹³ The final indicator used is road density, which captures the ability of state agents to penetrate the territory within a country’s borders.¹⁴

¹¹ For reasons further explained in Soifer (2013a), I do not believe that the tax ratio (taxes/GDP) is a valid measure of state infrastructural power. Its numerator, the amount of taxes (or direct taxes) collected by the government, is often lowered by political considerations since governments choose not to tax as much as they can. As a result, the tax ratio always under-represents extractive capacity, which acts as an upper bound on taxation rather than shaping the level of taxation.

¹² Military mobilization is calculated for the decade 1990–1999 by averaging annual scores in that timespan for military spending per capita and military size per capita, both of which are drawn from the Correlates of War dataset. The homicide data come from Mainwaring and Scully (2010), Table 1.5, p. 32.

¹³ Data for the literacy rate are drawn from Thorp (1998, 354) and are based on calculations of the illiterate percentage of the population above the age of fifteen. Vaccination data are drawn from the World Development Indicators.

¹⁴ Road density data are drawn from the International Road Federation World Road Statistics, using data from as close to 1999 as possible.

TABLE O.I. *State capacity rankings, c.2000*

	Military*	Homicide rate	Literacy	Immunization	Rd dens.	Average**	St dev.
Argentina	6	3	2	5.5	8	5.42	2.27
Bolivia	8		11	9	11	9.67	1.53
Brazil	8	9	10	1	2	5.33	3.25
Chile	1.5	1	3	3	7	3.75	2.95
Colombia	6	10	5.5	7.5	5	6.50	1.50
Ecuador	5	5	7	11	4	6.00	2.65
Mexico	9	8	8	2	3	5.50	2.78
Paraguay	9	7	5.5	7.5	9	7.83	1.26
Peru	6	4	9	5.5	10	7.42	2.50
Uruguay	2	2	1	4	1	1.83	0.76
Venezuela	5.5	6	4	10	6	6.25	0.66

Ties are indicated by .5; for example, for literacy, Colombia and Paraguay tied for fifth and each receive a score of 5.5

* "Military" is an average of the rankings for military participation ratio and military spending per capita, as defined in the text and using data from the *Correlates of War* project

** The column for the average aggregates across dimensions of state capacity rather than across indicators. The first two columns relate to coercive capacity, the third and fourth to the provision of basic public goods, and the last to infrastructure provision. I therefore aggregate each dimension and average across them

TABLE 0.2. *State capacity rankings c.1900*

	Military*	Literacy	RR dens.	Census	Average	St dev.
Argentina	2.5	2	3	7	3.625	2.29
Bolivia	9	11	8	5	8.25	2.50
Brazil	7.5	4	5	3	4.875	1.93
Chile	1	3	4	1	2.25	1.50
Colombia	10	5	10	7	8	2.45
Ecuador	6	6	11	11	8.5	2.89
Mexico	8	9	2	7	6.5	3.11
Paraguay	4.5	7	9	9.5	7.5	2.27
Peru	9.5	10	6	9.5	8.75	1.85
Uruguay	2.5	1	1	3	1.875	1.03
Venezuela	5.5	6	7	3	5.375	1.70

Ties are indicated by .5; for example, for literacy, Colombia and Paraguay tied for fifth and each receive a score of 5.5

* "Military" is an average of the rankings for military participation ratio and military spending per capita. It is calculated as the average of scores on each measure for each year with available data between 1900 and 1910

When these rankings are averaged across each dimension, as shown in the rightmost column in the table, they conform quite well to our prior findings about intra-regional variation in state capacity: Uruguay and Chile score as the strongest states, with Brazil, Argentina, and Mexico lagging somewhat behind.¹⁵ The weakest states are Peru, Bolivia, and Paraguay. This ranking of countries is quite similar to how they were arrayed nearly a century ago. Despite some significant data limitations and problems with comparability across countries, we can assemble a similar set of indicators for state capacity as of 1900 (See Table 0.2). Coercive capacity is captured by the same military mobilization measure used in Table 0.1. The literacy rate captures the provision of basic public services. Railroad density is used, like the road density measure in Table 0.1, to reflect the spatial reach of state agents and infrastructure. Finally, census implementation is used as an indicator of the state's overall ability to reach over the national territory and collect information about its residents. Drawing on data in Goyer and Domschke (1983),

¹⁵ The Government Effectiveness and Rule of Law components of the World Bank Governance Indicators provide similar rankings as those in Table 0.1; I choose not to include them because of the conceptual and methodological concerns raised by Kurtz and Schrank (2007).

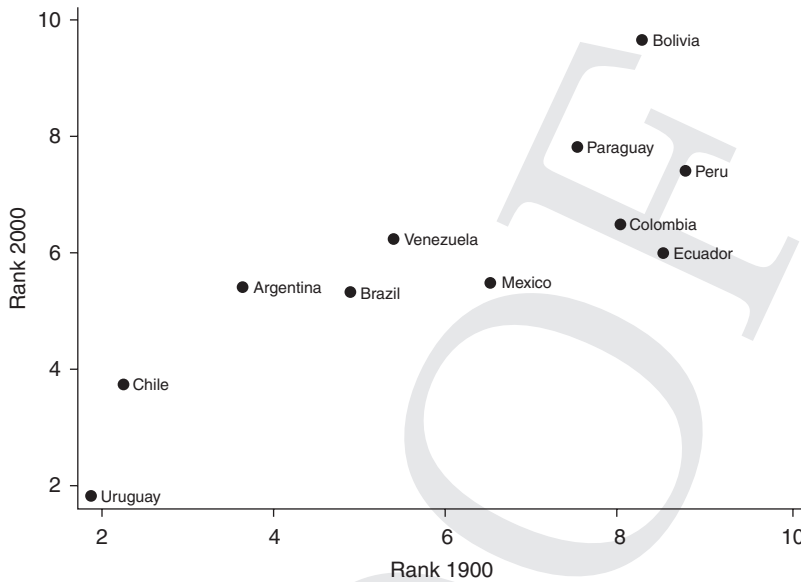


FIGURE 0.2. Persistence of rankings over time.

Data in this graph are drawn from the “Average” column in Tables 0.1 and 0.2.

I rank countries based on the number of censuses implemented between 1840 and 1920.¹⁶

Table 0.2 shows a clear gap between leaders and laggards in state capacity by 1900. Argentina, Uruguay, and Chile perform better than do the other countries on all dimensions, scoring in the top four of rankings for every measure. At the other end of the spectrum, Bolivia, Peru, Colombia, and Ecuador are among the weakest states in the region. Mexico, Brazil, Paraguay, and Venezuela fall in the middle of the pack.

A comparison of the rankings for 1900 and 2000 shows that they are very strongly correlated; the Pearson correlation of the two sets of rankings is 0.83. Figure 0.2, which arrays the rankings for 1900 and 2000, shows that the relative levels of state capacity across the region have remained strikingly stable over the past century. Perfect stability would place all countries on a line emanating at 45 degrees from

¹⁶ Other sources produce slightly different numbers of censuses for certain countries; the overall rankings are unaffected by this. Scoring countries based on census iterations in different time periods (1820–1900, for example) also has little effect on the rankings. For a more detailed justification of the census as an indicator of state capacity, see Soifer (2013a).

the origin. Countries falling below the line, most notably Mexico, saw their ranking improve over the course of the twentieth century, while those located above the line (like Argentina) saw their ranking decline. Although there are some deviations from the line, the general pattern is one of striking stability over the past century: just as Mahoney (2010) has shown for social and economic development indicators, ordinal rankings of state capacity are also durable over the course of the twentieth century. Thus, the findings of this section point to the fact that relative levels of state capacity in 2000 are very well predicted by those in 1900. This implies that the origins of contemporary variation lie in the pre-1900 era. The stark historical continuities demonstrated in this discussion justify my turn to history to account for the divergence across countries in state capacity, and for my focus on the nineteenth century in the chapters that follow.

RESEARCH DESIGN: THICK MEASURES, DETAILED CASE STUDIES

Rather than approaching the explanation of this variation through time-series, cross-sectional quantitative analysis, I choose to investigate a smaller set of cases through detailed historical study. I do this for two reasons. First, as discussed previously, while the crude indicators deployed sketch broad trends, the concept of state capacity is not adequately captured in existing cross-national data. Nor can it be sufficiently precisely assessed through simple indicators that can be compiled into a dataset for cross-national analysis. Instead, I opt for the detailed study of the development of various dimensions of state capacity in a small number of cases. By exploring each of these dimensions separately, I trace the development of state capacity in a nuanced fashion. Although each state generally develops along similar trajectories for each dimension (as seen, for example, in the fairly low standard deviations across dimensions in Tables 0.1 and 0.2) this multi-faceted approach to state capacity allows me to identify instances of within-case variation, to highlight moments in which a given state performs well on one dimension but not others, and to leverage this variation for theory development and testing.

Secondly, as commonly argued by scholars who use case study methods, detailed investigations of small numbers of cases allow scholars to identify evidence of causality through process-tracing, a tool unavailable in cross-national regression analysis, which relies heavily on correlational evidence (George and Bennett 2005). The separate analysis of each dimension also allows me to better address alternative explanations

by considering them where they are most likely to hold. Rather than evaluating an alternative explanation on a particular dimension of state capacity that I have chosen as my operationalization, a multi-dimensional operationalization of state capacity can be used to evaluate alternative explanations on their own most favored terrain. To the extent that these alternatives are shown to fall short precisely where scholars have staked their claim to explain state capacity, I have more convincingly identified their shortcomings. Thus, a multi-faceted conceptualization and measurement scheme for state capacity, in addition to better description, increases the analytical power of explanations for its development.

To account for the full range of state power outcomes in the region, and for a variety of different trajectories of state development, I select four cases for protracted investigation in the remainder of the book. The first cardinal rule of case selection in theory testing is to ensure that cases vary on the dependent variable. I select cases that follow the full set of trajectories outlined at the beginning of this book: Chile and Mexico's gains in state capacity, the state weakness of Colombia, and the case of Peru, which saw periods of both successful and failed state building.

As Table 0.3 shows, the variation in state strength across these cases is not correlated with a range of commonly cited alternative explanations, such as victory in war, intensity of colonial penetration, ethnic diversity or social inequality, and distortionary commodity booms. The fact that state-building outcomes do not align in expected ways with any of these factors suggests that we could reject them in studying the Latin American context. But instead of making that move in too hasty a manner, I grant these alternative explanations, which have great credence in the existing scholarship on state capacity, the respect that they merit and test each in detail in the empirical chapters to follow.

Based on this logic, I explore the role of colonial institutions, colonial legacies, and the nature of the independence conflict (in Chapter 3), the effects of colonial institutions and social inequality (in Chapter 4, which studies educational development), commodity booms (in Chapter 5 on extractive capacity), and the role of war (in Chapter 6 on coercive power) to show that even in the cases where they might be correlated with the outcome we expect, and even in examining the aspect of infrastructural power they are most likely to explain, they are not *causally connected*.¹⁷ Thus I use within-case evidence, and not just cross-case comparison, to rule out alternative explanations.

¹⁷ The relevant literature is discussed and cited in each of the empirical chapters.

TABLE 0.3. *Cases and alternative explanations*

	Chile	Mexico	Peru	Colombia
State capacity c.1900	High	High	Low	Low
Victory in major war	Yes	No	No	No
Intensity of colonial penetration	Low	High	High	Low
Ethnic diversity	Low	High	High	Low
Commodity booms	Yes	No	Yes	Yes
Territorial System	Unitary	Federal	Unitary	Federal

Another important alternative explanation for varied levels of state capacity is geography. Chapter 1 investigates the causal role of a variety of geographic factors, identifying urban primacy as a necessary condition for the emergence of state-building projects, but showing that mountainousness, population density, national size, and complexity of terrain cannot account for variation in state capacity. Finally, each chapter illustrates cross-time variation in Peruvian state-building: some marked gains, particularly in the realm of education, were made during the Aristocratic Republic of 1895–1919. This cross-time variation illustrates the limitations of accounts that posit a time-invariant factor, such as geography, as the cause of state development.

EXPLAINING VARIATION IN STATE CAPACITY

The Emergence of State-Building Projects

The first question addressed in this book is why state-building projects are undertaken. The decision to invest political capital and huge amounts of money in extending state authority is theoretically important not only because leaders have other possible uses for these resources, but because extending state authority has fiscal and political costs beyond these direct outlays. One current of scholarship accounts for the onset of state building by identifying a threat to which state leaders respond by extending their authority. That threat can be external, as in the “bellic” school of state building that originated in studies of early modern Europe, or internal as in Slater’s (2010) account of state building in Southeast Asia. A second view sees state building as a decision shaped purely by fiscal costs and benefits (Levi 1988; Herbst 2000). A third view looks for a social (usually class or sectoral) actor or coalition that benefits from the expansion

of particular aspects of the state's writ, and attributes state-building policies to the influence of that actor (Waldner 1999; Anderson 1974; Spruyt 1994).

My approach to accounting for the emergence of state-building projects departs from these existing currents in several important ways. In contrast to the first view, I frame state building as a means of accessing opportunities, rather than only as a means of responding to threats. Threats, I argue, did not drive Latin American state building. As Miguel Centeno has shown, international wars were rare, and limited in scope in the region, and unlike in early modern Europe, state builders did not have to impose authority on society in order to avoid being wiped off the map. For Centeno, this explains why Latin America has weaker states than does Europe. But in trying to understand variation *among* Latin American states in the nineteenth century, the overall absence of war in the region cannot be helpful. Nor does variation across states in their involvement in war adequately account for variation in the onset of state building: Chile and Peru, for example, not only were each involved in two major nineteenth-century wars, but faced one another in both. And yet major differences in state capacity emerged. War-making, in short, did not spur state-building efforts in Latin America; nor did (as I discuss in Chapter 6) international threats falling short of war as Thies (2005) argues.

If international threats did not prod political elites into state-building initiatives, could domestic threats have played the same role? Slater (2010) argues that Southeast Asian state leaders undertook state-building efforts where the threats they faced from subaltern actors seemed particularly dire: contentious politics drove state building in the postwar era in that region. Yet the Latin American record looks quite different: state-building projects emerged not when internal threats were severe, but after a minimal level of order had been established and a modicum of political stability had emerged. In all four cases, as detailed in Chapter 3, the immediate aftermath of independence brought severe instability. In response, state leaders prioritized order – in the famous phrase appearing on the Chilean official coat of arms, they ruled “by reason or by force.” State building – in the sense of the territorial extension and institutionalization of state administration – began only after order had been achieved.

Rather than emerging as a response to threats, I argue that state building emerged in pursuit of opportunities. State leaders leveraged moments of stability to develop long-term development projects. Thus, in contrast to the second, fiscally motivated, current of scholarship about state building, I show that the interests and decision-making calculus cannot be

reduced to fiscal cost-benefit calculations. Instead, state leaders pursued long-term political stability. Where they believed that this required new roles for the state in promoting domestic and international trade, and in molding the population into citizens, they undertook concerted state building. State-building projects emerged where elites saw them as the means to goals they described as civilization, order, and progress, rather than in the direct pursuit of revenue. This explains why these projects included not only taxation, but also education and other dimensions of state capacity that fall outside the fiscal realm.¹⁸

Thus far I have argued that state building was neither driven by war nor reducible to the revenue imperative. It might seem, then, that I side with scholarship that sees state-building projects as serving the interests of dominant sectors in society, a view which has a long tradition in studies of state building (Anderson 1974; Waldner 1999; Saylor 2012). Yet the interests of dominant sectors do not provide a general account for why state-building projects emerged in some places but not others in mid-nineteenth-century Latin America. Although Saylor (2012) is correct to argue that satisfying the demands of exporting elites for public goods did spur the construction of state capacity at some moments, state-building projects also emerged in the absence of major exporting sectors – this was the case in Mexico, one of the cases I explore in detail. State-building projects also emerged in cases like Peru, where there was no dominant elite coalition driving state activity until the 1890s. Dominant-class arguments like that of Kurtz (2013) struggle to explain this case of prewar Peru, and mis-characterize it as one in which state building never emerged rather than its correct classification as a case in which a concerted state-building effort failed. Against this third view, I argue that state-building projects did not simply reflect the interests of particular class actors or the social composition of ruling coalitions. State building was a *state* project, not a class or sectoral project. My argument endows state leaders with a degree of autonomy in shaping not only goals for state policy, but in choosing the means by which those goals are to be pursued.

The determinant of whether the state was seen as the means to development was fundamentally ideational. Ideas explain why political elites

¹⁸ Thus, whereas European state building saw a sequencing in the development of state functions, Latin America saw the simultaneous development of education, taxation, and coercive capacity. On the sequencing of state development in Europe, see Tilly (1992) and Weber (1976).

in different countries opted for different responses to the same opportunities. Where *laissez-faire* development visions dominated the political and intellectual arena, state leaders responded to identical opportunities by choosing not to undertake state building. State-building projects emerged only when state leaders held a set of statist liberal views and believed that the power of the state was needed to achieve economic development and political stability.

Finally, I account for the difference in ideology among cases, which shapes whether state-building efforts emerge, by bringing geography into the story. Against simple, cost-based accounts of geography's effect on state-building, I argue that urban primacy – the extent to which a country is dominated demographically and economically by a single urban center – affects the emergence of state-building projects through its effect on which ideas about development take hold. Only countries marked by high levels of urban primacy saw an elite consensus about state building. But where multiple cities aspired to national status, more *laissez-faire* views tended to emerge. Here, regional differences in public good preferences were more salient, which made consensus around a limited role for the state a least-bad solution to fiscal priorities. Because regions had self-contained economies, visions of development centered on the promotion of regional rather than national progress, which did not depend on the extension of the authority of the central state.

Thus, state-building emergence was shaped by geographic and ideational factors. Chapter 1 further develops this portion of the theoretical framework, and explains why state-building projects emerged in three of the cases but not in Colombia. The chapter argues that Colombia's polycentric political economy made the extension of central state authority seem less relevant to the development projects envisioned by political leaders than it did in Peru, Mexico, or Chile, and thus shaped the emergence of a more *laissez-faire* liberal consensus in that country. I trace the conversations among political elites and intellectuals about the role of the state in national development in each case, showing that all sought similar goals. But the Colombian consensus diverged in the overall reluctance to use state capacity in pursuit of development. This explains the absence of a state-building project in Colombia.

Theorizing State-Building Failure

The second puzzle of variation in state capacity is accounting for the success and failure of state-building efforts where they do emerge. This, as

discussed further in Chapter 2, has been a question largely ignored in the existing scholarship.¹⁹ That failed efforts by state leaders to extend control over territory within their borders are rarely theorized is surprising; we would expect attention to the question, in particular given contemporary events, which reveal how difficult state building is in Afghanistan, Iraq, Libya, and elsewhere.

In some studies, this failure to consider the possibility of state-building failure raises the specter of functionalism. Herbst (2000) simply disregards the issue, directly linking the cost-benefit calculations of state leaders to the outcomes of state capacity. Although he writes that “the viability of African states depends on leaders successfully meeting the challenges posed by their particular environment” (31), he never complicates the question of success. Instead, for Herbst, the cost structure posed by the environment shaped the varied inclination of state leaders, whether colonial or post-independence, to build state capacity. The weakness of many African states is seen as a strategic response to structural factors on the part of state leaders; it is the most efficient way to consolidate their hold on power. My point here is not to critique Herbst on empirical grounds; instead I seek to point out that the possibility of bad choices or poor implementation of their chosen policies by state leaders is something that his framework is unable to consider.

To my knowledge, the only existing study of state-building outcomes that incorporates an explanation for failed state-building efforts is Downing (1992).²⁰ Downing shows that Poland, despite encompassing as late as 1634 the largest territory in Europe, and its great wealth, failed to effectively mobilize in response to modernized military competition from Prussia, Russia, and Austria. This failure, and the partition that resulted, can be traced to the institutions that Poland inherited from its early modern era, which prevented any state-building effort from taking hold. The most famous of these, the *liberum veto*, allowed any single objection to stop the proceedings of the *sejm* (national council of nobles) until it could be resolved (Downing 1992, 140ff.). Whereas Downing argues that Sweden and the Dutch Republic were able to fight major war without intensified taxation, and that England did not need to raise taxes because

¹⁹ The work of Ian Lustick (1993) is a partial exception, although it focuses on failed efforts by states to incorporate new territories into their countries, rather than on failure to extend control over territory already formally within the state’s jurisdiction. For a Latin American account of such an effort, see Skuban (2007).

²⁰ Failed state building is, of course, not the same thing as state failure, about which there is a robust scholarly debate.

it avoided war, he argues that Poland's state leaders tried but failed to increase state capacity in response to rising external threat.

My theoretical framework accounts for state-building failure as a route to state weakness in Chapter 2, which provides a theory of the success and failure of state-building projects. I argue that success depended on local administrative institutions, and in particular on whether or not the bureaucrats were prominent members of the local community. The relative weight of salary as a proportion of their income makes outsiders (which I call *deployed* bureaucrats) more responsive in general to the policy preferences of the central state than are local elites who hold identical positions. Additionally, their greater reliance on the institutions of the state as a source of legitimacy and power gives the deployed bureaucrats an *independent* interest (not shared by their local elite counterparts) in seeking increased state presence in their communities. Where state agents are deployed from outside the community, their interests more closely align with state builders than do the interests of local elites appointed to administrative posts. The result is a greater degree of collaboration with – and even promotion of – state-building efforts.

Chapter 2, then, accounts for success and failure by exploring the public administration of state building. It argues that only where state leaders opted to exclude local elites from administering the national periphery were their efforts to extend the reach of the state successful. This was the case in Mexico and Chile, and to a lesser extent in Peru after 1895. Chapter 3 traces the determinants of the choice to delegate administration to local elites, or to deploy bureaucrats, showing that it derived from a combination of historically contingent factors including the perceived threat of indigenous revolt, the specific content of liberal ideology, and the currency of patronage commonly used to bind political coalitions in a given case.

Chapter 3 also sets the stage for the empirical analysis of state-building emergence and success in the remainder of the book by describing the four cases in the decades prior to the onset of state building at mid-century. By showing that little difference marked the cases before the mid-nineteenth century, it provides evidence against alternative explanations for variation in state capacity centered on the nature of colonial administration or the conflicts of the independence era. I show that independence was followed by several decades of instability and state weakness in all four cases, as governments struggled to impose order, extract resources, and extend the reach of state institutions in unfavorable domestic and international climates. Only the mid-century emergence of economic stability

allowed state leaders to turn to long-term development projects that would consolidate political stability and economic growth.

Applying the Argument

Chapters 4 through 6 trace the origins of variation in state capacity across the four cases. They explore the fate of the state-building efforts in Chile, Mexico, and Peru, showing how the choice of deployed administration was crucial for their success in the former two countries, and how delegation to local elites led to failed state-building efforts in Peru. The chapters also show absence of state-building efforts, and concomitant weakness, in Colombia. The chapters focus, as described previously, on education (Chapter 4), taxation (Chapter 5), and coercion (Chapter 6). Each chapter describes the trajectories each country took in terms of the relevant dimension of state power. It then shows how the form of administration shaped the outcome, and considers the causal power of a compelling alternative explanation that might be most likely to hold for that particular dimension of state capacity.

The Conclusion shows that the theoretical framework developed in the book can account for the trajectories of state development region-wide, and can also shed some light on the policy challenges of contemporary “nation-building.” I also return to theoretical terrain, exploring the place of ideational and material factors, addressing issues of causal complexity and causal importance in theories of statebuilding, and showing the pay-offs of the argument for scholarship on state development more generally.