



## PREBISCH, THE STATE, AND THE “WEAKNESS OF THE ESSENTIAL”

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### Abstract

Beginning with the recognition of the centrality of the State in Raúl Prebisch's oeuvre, while at the same time pointing out its limitations when it comes to conceptualizing the peripheral condition of Latin American states, this paper analyzes how the role of the State changed in the author's early body of work at the Economic Commission for Latin America and the Caribbean (ECLAC). Aiming to explain the shift and acknowledge the underpinnings of their peripheral condition, theoretical and analytical elements come to the fore in recognition of the conflicting dynamics that have historically acted on—and fed back into—Latin American states, shaping certain structures and forms of involvement that prevented them from running an industrialization strategy as the broader structuralist school, and Prebisch in particular, would have envisaged it.

**Keywords:** Latin American states; Raúl Prebisch; economic thought; center-periphery; structuralism; capitalist accumulation.

*Posing the question of the State can be like climbing the Tower of Babel. Especially if we're talking about such a singular and contradictory one as that of Latin America.*  
(Gracierena, 1984, p. 3)

### 1. INTRODUCTION

Raúl Prebisch—and the Economic Commission for Latin America and the Caribbean (ECLAC)—furnished a central (and original) input to understanding both the dynamics of the peripheral capitalist economies and to shape industrializing strategies, which, on the foundation of state planning, would enable these countries to overcome their peripheral and dependent condition.

Nevertheless, despite the vital role of the State in this proposal, it failed to dive deeply into the nature of the peripheral State (Gurrieri, 1987) and the way in which the State itself, by driving industrialization, in the end became complicit in reproducing—rather than reversing—said condition. This matter, which the author did not explicitly mention, was in any event implicitly present, to the extent that his references to the State changed over time.

And even during his earliest years at ECLAC (1949–1963), the State went from being conceived of—ex ante—as a strategic tool in development planning to become—ex post—an actor whose engagement functions as a generator rather than a reverser of the difficulties associated with industrialization. This is to say, in acknowledging the deficiency of industrial momentum, the State became a problematic element and a functional factor in reproducing limitations on development.

The foregoing begs, at least, two questions: Which factors pushed this change in Prebisch's perspective? And, why did the State become a problem in advancing industrialization strategies during those years?

This paper argues that Prebisch's shifting stance toward the State, from his appeal to it as an instrument to his perception of it as a problem, were mediated by a series of analytical restrictions that structuralism never could fully resolve, pertaining to a view of the particular and conflictive dynamics in which the peripheral nature of those States is grounded, the effects of which spilled over into the sphere of industrialization strategies. The lack of consideration of these restrictive dynamics is bound up in the struggle to include in his theoretical corpus:

- a. The way in which different stakeholders, pursuant to their own interest and logics, became present, in tension, shaping a structural and implicative configuration of the State, demarcating its peripheral condition.
- b. The way in which this peripheral condition ended up shaping an actor structurally limited in its ability to overcome obstacles and resolve internal tensions, and at the same time fragile when it comes to confronting the burgeoning challenges emanating from capitalism at the global scale.

Consideration of the factors outlined in paragraphs a) and b) helps fill in a gap in the Prebisch oeuvre, whose notable currency in understanding the peripheral condition of the accumulation process, must be supplemented by a more in-depth analysis of the peripheral condition of Latin American States, which began around 1960 internally and in the realm of the intellectual periphery of structuralism.

To move forward in this direction, the first step was to summarize Prebisch's changing mentions of the State during his tenure as ECLAC Executive Secretary (1949–1963). The next step was to analyze the historical process by which Latin American States emerged and became involved. The idea behind this step was to understand their development as a problem for the strategy initially proposed by Prebisch. To do so, we looked at how these States became embroiled in three major global phases of capitalism (Arrighi, 1999): the period of British hegemony; the British crisis and the emergence of American hegemony; and the phase in which American hegemony was consolidated in the post-war period, particularly in the two-and-a-half decades in which both that hegemony and structuralism were deployed. This paper focuses on the latter stage, introducing a dual—yet interdependent—model for the State, on the one side as a social relationship, in which the matrix of internal and external stakeholders acts on forms of state involvement, shaping

the formation of its organizational structures; and, on the other, as an apparatus, in which the quality of those structures becomes either an enabler or a limiting factor on certain engagement strategies that tended to operate on the obstacles derived from that model and the forms of accumulation that developed. Finally, we offer some conclusions.

## 2. SHIFTING REFERENCES TO THE STATE IN THE PREBISCH PROPOSAL

### From the *presumed State*

In Prebisch's early publications for ECLAC, he furnished an original characterization of the problems facing peripheral economies and a series of guidelines to move past them, underpinned by import substitution industrialization (ISI). Although he was primarily interested in laying the groundwork for development *planning*, the centrality of this concept was not accompanied by an analytical consideration of the State, the actor charged with "outlining the development program" (Prebisch, 1952, p. 16). What Prebisch did, painstakingly, was to analyze the criteria underlying the efficient allocation of resources to boost the growth rate, signaling several measures governments could implement where investment policies and sectors worthy of stimulus were concerned.

Along that same vein, Prebisch gave State intervention a starring role as a function of attributes pertaining to its statehood, which would enable private behavior to match up with the expectations of the development program. Mainly, the idea was for the State to intervene and/or regulate economic activity through a tax structure, public investment, oversight over imports, and/or potentially levying taxes on consumption and spending (Prebisch, 1949, 1952).

Now, the notion of *development program* does not entail a rigorous regimentation of the economy on the part of the State, but rather is related to the "idea of judiciously growing and organizing capital investments in order to imprint more strength and regularity on growth" (Cepal, 1953, p. 7). It is not a matter of the State, therefore, developing a very protracted sphere of action, but rather a matter of combining public and private initiative. Thus the importance of state resources to influence, directly or indirectly, the behavior of private actors.

On another note, state intervention gains particular relevance to promote ISI. Naturally, ISI, requires support and protection measures in order to stimulate private initiative and ensure that it is in the right conditions to compete with more productive foreign activities. These measures include tariff protection mechanisms, currency control, and import management.

Another significant aspect is that Prebisch trusts in the capacity of expert knowledge to engage in a neutral analysis of development needs, associating this expertise with the figure of the technical-economist. Nevertheless, this *impartial and objective* methodology for technical-economic affairs is not manifest in the same way when it comes to policy decisions, which admit different points of view and tend to be resolved via transactional solutions (Cepal, 1953; Prebisch, 1952).

Accordingly, the Prebisch who initially outlines a theoretical field focused on identifying the center versus the periphery, sets out not only to take into account history but to act upon it, appealing in his arguments to a State that takes on a gargantuan task, and which is understood to be endowed with the properties required to act pursuant to its objectives. It is therefore a *wise State*, uncontaminated by the divergent logic of social forces, or the ideas in tension derived therefrom.

### ...to the *discovered State*

After an initial decade of an intense State presence as the top promoter of industrialization, the Prebisch mood takes a progressive turn, moving from positional optimism to clear discontent. Evident there is an abrupt change in his epistemic approach, and as such, the lens through which Prebisch envisions the State is no longer based on a conceptual approach alternative to the neoclassical device, which is similar to, without being subsumed by its originality, the Keynesian interventionism. Rather, it is about a State through the lens of the historical-empirical process, through which the theorist is compelled to observe the distancing of the actor charged with the task of industrialization, with respect to that which effectively emerges from the process.

This becomes clear after 1955. Although the central argument allocating to the State a "fundamental responsibility in economic development" (Prebisch, 1956b, p. 1) will persist, his reflections from this time period make room for him to rethink these actions, moving away from the earlier normative perception. Directly or indirectly, the State will appear in his works from these years (1956-1963) as an actor in large part liable for the numerous limitations that went along with the implementation of ISI.<sup>2</sup>

Its portrayal as a *problem* obeys the discretionary nature of its interventions and shift away from patterns of efficiency and neutrality, which, supposedly, must go along with said intervention. In reality, the protectionist policies implemented created very pronounced constraints on imports, which were very harmful to competition in the domestic market (Cepal, 1959b; Prebisch, 1961). Criticism was also launched toward the growing role of the State in capital investments, which turn out to be insufficient to meet the immediate needs of agriculture, transportation, energy, and housing, given that the State allotted resources available to non-productive matters (Prebisch, 1957b). Even so, to Prebisch, these distortions were not the result of an attempt to industrialize through state intervention, but rather, from the "improvisation of economic policy or its erroneous orientation" (Prebisch, 1957a, p. 5).

The State thus emerges as an actor that can no longer be expected to *know what it has to do*, but rather is an intervener inappropriately engaged, acting inefficiently in the field of capital investment policy and making poor choices in its involvement in the economy, fueling and exacerbating the persistent issue of inflation (Prebisch, 1956b, 1957b).

This shift in the State's positioning was not restricted to how it gets involved, but also extended to the shape of its organizational structure. Far from becoming a neutral and efficient bastion for programming, the state structure started to be seen as a large bureaucratic apparatus, a container for spurious employment, whose expansion seriously impacted the functioning of the economic system (Prebisch, 1956a, 1963).

Prebisch explains the rise in government employees as a result of the rise in the number of activities to be carried out by the public sector, but also due to insufficient industrial dynamics. When industry is unable to absorb a vast swath of available labor, it displaces human resources toward State services and activities. This led to a series of problems, such

as the presence of incompetent personnel and inefficient state administration performance (Prebisch, 1956c); it also led to an enormous amount of resources being allocated to deal with the excess workers (Cepal, 1959a).

As a consequence, State intervention was unable to leverage the virtues of industry as a development strategy. By contrast, it legitimized its insufficient momentum by bringing traction to the available surplus without either reversing or altering the limitations that arose throughout the accumulation process.<sup>3</sup>

#### **The Discovered State and the Persistence of a Fundamental Absence: The Peripheral Condition of Latin American States**

This progressive shift moving from a *presumed* State to an analysis of the *facts*, suffers, nevertheless from a fundamental absence: the State, itself, was not observed in terms of its nature and, accordingly, the way in which its peripheral condition structurally limited its intervention capacity. Prebisch therefore ignored the fact that this peripheral nature was not only the heritage of the economies, but also of the States themselves. This aspect was particularly important to understand why this change in the Prebischian lens came about, and also to explain the protagonism of the State in the industrialization plan and the limits against which it historically ran up, a matter left unaddressed by structuralism.

Certainly, much has happened to the positive in the years since within the structuralist school, which helped overcome—at least partially—this absence; particularly considering that the sociological-political vision of power, domination, and conflict permeated the ECLAC and invaded the structuralist analysis of dependency.<sup>4</sup> With that said, there remained a significant doubt as to the role of state structures in shaping this peripheral statehood (Gurrieri, 1987). That is to say, there will live on an analytical omission as to how socio-conflictual processes coagulate in certain state structures, conditioning the way in which the State gets involved and its ability to alter the factors that reproduce the peripheral condition.

A look at how that examination of social dynamics, which incorporates power and domination in relations with the State, is complemented by an examination of the state structures, historically the result of said dynamics, and is fundamental to tackle our limited comprehension of the peripheral nature of the State and the constraints it faces in trying to operate as an agent of transformation. At the same time, it serves as a central element to understand the vulnerability with which Latin America faced the ISI crisis and the restructuring process undertaken in the wake of it.

### **3. THE PERIPHERAL CONDITION OF LATIN AMERICAN STATES:<sup>5</sup> STATE STRUCTURES AND IMPLICATION MECHANISMS**

The organizational and implicative structure of the Latin American States is indeed a relevant factor in understanding why the peripheral form of accumulation is sustained and what stands in the way of the structural change preached by Prebisch (and structuralism in general). To understand that central position of the peripheral State in the recreation of the structural obstacles interfering with development, it is important to look at how Latin American States evolved and were compelled to get involved in different historical contexts in which their relationship to the center shifted thanks to changes in the accumulation processes, the role of central States, and hegemonic leaderships.

The Latin American State evolved in a context of historical dependency in which its internal power structures and interest remained subordinated to the tendencies guiding the relations with the dominant interests in metropolitan societies (Quijano, 1968). In light of changes in the concrete nature of these relations, there were likewise changes in the power structures in our societies. Thus, the way in which the peripheral State organized its structures and managed the tensions and conflicts taking place within its national processes, as well as the link between those interests and actors with those propagated via the strategies driven by the central States and the supra-national organizations controlling them.

These shifts in the peripheral State took place under a set of unique circumstances related to a process of state constitution that developed in more fragile, less dense, and more unequal civil societies than those found in Europe. Unlike the interwoven state-society complex underpinning the sources of social power (Mann, 2006), Latin America did not enjoy states shaped *from* society, making the State inversely an early vertical generator of patrimonial and authoritarian power mechanisms to order the social structure on the basis of a highly hierarchical, unequal, and bureaucratic model (Guimarães, 1997).

In the time period analyzed, the structures that gave complexity to the burgeoning state intervention continued those forms, in a process tending toward the colonization of the State (O'Donnell, 1993), disabling its directive capacity to the extent that its protagonism was on the rise. Its fragmentary configuration to attend to disparate and asymmetrical corporate interests ended up doing away with any change of having intra-state strategic coherence, fundamental, as other experiences have borne out, to act in changing the direction of the accumulation-industrialization process (Chibber, 2002; Kholi, 2004) and making redistributive practices sustainable.

To explain this process, we take a look at three major periods that were part of the cycles of capitalism and analyze how the Latin American State got involved in each of them. Finally, these processes defined their peripheral traits and inhibited their emergence as subjects able to direct the industrialization process. After that, the analysis shifts to the latter of these periods, as it is the historical context behind the ECLAC texts examined here.

#### **Peripheral Statehood in the Phase of British Hegemony**

From the mid-nineteenth century to the first decade and a half of the twentieth, the central countries expanded their economies thanks to a widespread accumulation regime and a competitive mode of regulation (Aglietta, 1979). Their central States managed the accumulation process, ensuring the property regime domestically and conditions for contracting in labor. Abroad, they acted as support for the cycle of British hegemony, protecting the capital expansion process through direct territorial control or through commercial models (as is the case of Latin America) (Granados Erazo, 2010).

Against that backdrop, the peripheral States appear closely bound up in the actions carried out by the central States to shore up their capital expansion, playing a vital role in the assemblage of these ties between capital and the local exporting oligarchies (Kaplan, 1969). The resulting state structure combined strong centralization (Graciera, 1984) alongside a reasonably complex administrative apparatus to ensure the viability of the coverage of rights and the advent of infrastructure that permitted the reproduction of the matrix of interests, while at the same time restricting assimilation in its structures of a fragilely-organized civil society up until that point in time (Graciera, 1984; Kaplan, 1969).

The complex and subordinate relationship that the peripheral States developed with the central ones was based on a socio-spatially concentrated accumulation pattern oriented *outward*, via the provision of natural resources demanded by the industrialization processes happening in the center, especially in Great Britain. Thus, under the command of the dominant native oligarchies associated with foreign capital, this model formed up a mode of global insertion subordinated to the requirements of the industrializing bourgeoisies of the central countries.

#### **Peripheral Statehood in the Crisis of British Hegemony and the Emergence of American Hegemony**

Toward the end of the First World War, several transformations became apparent. From the standpoint of accumulation processes, central capitalism, essentially hand in hand with the United States, introduced Fordist and Taylorist models, stimulating a qualitative change in forms of valorization, from extensive to intensive forms (Aglie, 1979). These intensive forms of accumulation demanded a new regulatory model that would guarantee that productivity gains became reality and would guarantee the socio-institutional stability needed to give meaning to reinvestment processes, necessary to broaden accumulation and social legitimization (Harvey, 1998). It was in this framework that, leading with the New Deal, the United States relieved Great Britain of its formerly hegemonic role (Arrighi, 1999).

The monopolistic model (Baran and Sweezy, 1966) that accompanied the intensive accumulation regime was characterized by a big push for state intervention, which demanded capacity to nationally manage credit and create the conditions for employment and investment that would ensure the profit rate would continue to rise. Moreover, state intervention would manage social conflict under neo-corporate agreement models that replaced the insufficient forms of liberal representation belonging to the British hegemonic model (Maier, 1975).

This context, strengthened by the restrictions created as a result of the war conflicts, fueled the search for intra-national mechanisms designed to overcome over-accumulation from within national spaces (especially after the nineteen-thirties). Against that backdrop, national economies triumphed over the international monetary order erected under British hegemony (Gilpin, 1987).

External changes pushed, in Latin America, a fairly widespread model of *obliged autarchy*, which, like in the center, spurred state involvement destined to create the conditions for the self-provision of credit and goods previously furnished by the foreign market. This process, known as ISI, entailed a change in the structure of the State, making it more complex, ever since a more active regulatory framework was introduced and new institutional functions and devices were added in, modifying their organic composition and ties to the economy. On this new map of institutions and regulation, a suite of interventions was implemented that operationally led to the abandonment of the gold standard, the adoption of currency control policies, and the rationing of imports, bilateral trade agreements, and anti-cyclical macroeconomic policies (Ocampo, 2008).

Via this state intervention and the promotion of the ISI, Latin America fed into a profound socio-spatial transformation that leveraged the early dynamics of urbanization and proletarianization (Hardoy, 1974; Quijano, 1968), as well as the expansion of the professional mid-range sectors, made denser by the creation of productive activities and services both directly and indirectly connected.

All of this coexisted, in different ways, with the preservation of the oligarchical power structure, whose early diversification into the financial and real estate sectors took place alongside predominantly rent-seeking, hierarchical, and scanty innovative behavior (Schneider, 2013), which did not contradict their export vocation, which continued to be the main source of foreign currency.

This new accumulation pattern rested on growth *inward*, with ISI as the main driver of what some saw as an opportunity to deploy *national projects*, nourished by other actors rendering viable a new power bloc on the foundation of the nascent industrial bourgeoisie and broad-based popular sectors (Guillén Romo, 2008). To do so, it required a centralized and centralizing State, endowed with a new institutional structure to make the process viable. Nevertheless, the State confronted complex internal and external challenges that would make it problematic for it to play the main role on this stage.

#### **Peripheral Statehood in the Consolidation of American Hegemony**

With the Second World War in the rearview mirror, the center of the world system bore witness to the reestablishment of the vernacular bourgeoisies, but at a new juncture in time that was compelled to recognize the strength of organized labor. Thus arose a monopolistic accumulation pattern that was stamped by the neo-corporate agreements and the intensive Fordist productivity forms (Schmitter, 1985). These agreements, which ensured a set of basically redistributive concessions to the benefit of labor, made viable sustained and unparalleled growth between 1945 and the onset of the nineteen-seventies.

Under these dynamics, the center solidified its dominant position thanks to a series of factors that most of the periphery lacked. On the one hand, the temporary alignment of organized interests between capital and the labor force did not necessarily impose the displacement-takeover of the State by society. Even under the conditioning of different power blocs, the State retained its influential capacity, which turned out to be vital to making viable the temporary neo-corporate agreement and instrumenting its development. The relevance acquired by the State in this social set-up and the formation of the structures needed for it was done on the foundation of a mode of regulation that did not require the State to suppress private actors (Goldin, 2012).

On another note, the central States got involved in the accumulation process via interactions that included supporting local capital, leading industrialization, which it sought to shore up, and sustaining foreign expansive dynamics. A

substantial part of the workforce got involved in the circuits opened up by this endogenous capital and its dynamic expansion processes. The State, for its part, got involved in an always unstable and conflictual process with the empowerment of local-national monopolistic capital that sought to control the most advanced technological processes and, from there, expand nationally or internationally. Transnational companies were born during this period as an aggressive actor in penetrating global markets, supported by their States and feedback with them (Cardoso and Faletto, 1977; Gilpin, 1987).

Now, none of these attributes was present in the Latin American periphery, and there are other factors involved that act to rapidly create constraints on economic policies and the potential ability to build a State endowed with the capacity to enable that demand for structural transformation promoted by Prebisch.

As proof of that, national and intra-national specificities notwithstanding, it is necessary to consider how social actors and their interests are structured, and the way in which their practices influenced the configuration of the structure and the type of state involvement. From there, an explanation as to how these latter elements acted on the limitations to overcome the obstacles emerging at the level of the accumulation process becomes more feasible.

#### **Actors and interests: preserved, consolidated, activated, and absent**

Unlike the process that took place in East Asia, Latin American industrialization did not run parallel to structural reform in the land ownership regime; accordingly, it failed to alter the power structure of the native oligarchies (Kay, 2002). The persistence of power in these groups, as well as the leadership associated with foreign capital to hegemonize the bloc that guided the accumulation process (Romero and Rofman, 1974), existed alongside the emergence of a wide range of actors at the local level, representatives of small productive and commercial capital, and of the expanded world of labor, the result of ISI and the urbanization that happened between the wars (Graciarena, 1990).

In this complex portrait of actors, rising demands for those *activated* (O'Donnell, 1972) came to be met by the State via the expansion of the political regime, in which diverse forms of clientelism (Graciarena, 1984) and corporatization (Kaplan, 2015) were certainly to be found. This existed alongside two other associated processes: one, the inability to resolve on an ongoing basis the accumulation process through ISI and overcome bottlenecks; and, the other, the State's inability to confront these limitations and relieve the tensions derived from them.

The social model with which the State interacted became increasingly dominated by the tensions resulting from non-convergent requirements between the actors forming the power bloc, consisting of the local oligarchies and foreign capital (Peña, 1979; Romero and Rofman, 1974), and the attention of those activated and increasingly unionized subordinated actors, who struggled for sustained income distribution. That tension, in turn, took place in the midst of a lack of a local industrial bourgeoisie, endowed with the ability to achieve intensive learning and the propensity to develop non-rent-seeking models necessary for the success of the ISI (Hirschman, 1968), something which was clearly present in the cases of late capitalism (Gershenkron, 1962).

The absence of that actor in the midst of this process of tensions positioned the State as the epicenter of temporary solutions that made it unable to operate as a solver of structural issues. To understand the foregoing, the State needs to be analyzed from two angles: 1) as part of a social relation (Jessop, 2010; Poulantzas, 1978); and 2) as a specific institutional apparatus. At the same time, as a social relation, the matrix of actors, their strategies, and their interests shapes the state apparatus, the specificities of which turn out to be an essential element to understanding the (in)abilities of the Latin American peripheral State to resolve the limitations on the accumulation process derived from said model and its behavior.

#### **The Latin American State as a social relation: actors, interests, and shaping behaviors**

The State, to the extent that it is a result and member of a social relation, expresses in its constitution and functioning a link conditioned by that matrix of social actors. It not only contains certain power relations (Poulantzas, 1978) and imposes from that a form of domination tied to class relations, but also responds to given logics of action as a function of the power of the actors in that social matrix and what these actors demand from their positions and strategies.

The preservation of power concentrated within the dominant bloc that guides the direction of the accumulation process acted, strengthening its power to act over the State, limiting its ability to develop engagement that would effectively redefine the behavior of those dominant capitalist actors and move them toward a more complex accumulation process. If progress had been made in that sense, especially by directing private investment toward models tied to the production of capital goods, it would have compromised the power position and accumulation logic, concentrated and rentier, upon which they maintained control over the accumulation process. This inability became a decisive factor to dissociate the ISI process from a holistic development project, able to transform external forms of subordination and the internal conditions for socio-productive-spatial inclusion, as Prebisch had preached and whose flag the ECLAC picked up.

Limitations on running the accumulation process resulting from that social matrix and the forms of involvement that demanded the State, entailed an intrinsic restriction on overcoming the *easy* phase of ISI. To the extent that this phase was being exhausted, and in spite of the importance industrial activity acquired in the majority of the economic apparatuses, the effects of external vulnerability were exacerbated (French-Davis *et al.*, 1998), while at the same time, internally, structural heterogeneities were maintained and made deeper (Pinto, 1976).

The appeal to foreign capital gained ground among the arguments exploring possible ways out for Latin America. However, the transnational companies that landed in the region tended to develop a logic of enclaves, importing technology packages into a hyper-protected market and highly vertically-integrated productive processes, with scant intra-national productive linkages, leveraging, in the end, the transnationalization of the accumulation process (Sunkel, 1971). As a consequence, the resulting structure fostered a pattern of exogenous, unequalizing, and not very dynamic decisions.

While that was taking place in the development pattern, the process of State legitimization to manage the tensions between the power bloc and the majority of the social-spatial body activated by ISI, began to fall apart. The sustainability of the distributive claims clashed with the maintenance of a productive structure grounded in the interests of the dominant power bloc. The resolution of these tensions, many of which emerged in situations of hegemonic ties (Portantiero, 1977),

in the end required a new and dual role for the state. On the one hand, through authoritarian forms that temporarily disabled the actors activated under the ISI (O'Donnell, 1972). And, on the other, deploying processes that combined the reduction of subsidies and benefits, as well as devaluation strategies (Dornbusch and Edwards, 1991), which degraded wages and strengthened the position of the dominant actors in capital, leaving the power structure underpinning domestic forms of reproduction (heterogeneous and unequal) and international insertion (primary sector-based) unaltered.

The process turned out not to last forever, but rather only until the deactivated became activated once again, reclaiming from the State attention that recreated the scenario of tensions, principally via legitimizing actions that placed the distributive angle at the center of state construction and action.

### ***The State as an apparatus: building the labyrinths of incapability***

The process analyzed became entrenched in the post-war period and reached its pinnacle toward the end of the nineteen-sixties, giving rise to two questions that affect the other dimension comprising statehood: that of its structures. How did that dynamic that interlinked the prevailing social model and leveraged the tensions and conflicts with the complex of subordinate-activated actors crystallize in the structures of the Latin American peripheral State? How, in turn, did the characteristics of those structures affect, and feedback on, the requirements that emerged from the exhaustion of the ISI and distributive forms?

The State that arose was a captured State, led by and not leader of the actors dominant in the social matrix. Responding to the demands of the most organized actors, several organizations emerged with a denser presence, progressively weakening any chance for strategic coordination to direct the actors who were at the head of the accumulation pattern.

The result was an increasingly omnipresent State but at the same time structurally weak in Migdal's<sup>6</sup> terms (2011).

Recreating a patrimonial, concentrated, and exclusive tradition from civil society, the State sought to deepen in this post-war phase a process of sociopolitical and economic inclusion, appealing to a vertical and often authoritarian welfare logic, with which it strove to respond to the multiple corporate demands emanating from society. Although inequality and hierarchies persisted, it simultaneously activated and organized a broad panoply of new actors, representatives of the workforce and the middle classes (Guimarães, 1997), creating multiple opportunities to cover and meet said demands, and progressively abandoning the process of "feudalization of the State by corporations" (Portantiero, 1989, p. 92).

At the same time, as resources for distributive interventions associated with the logic of populism and the easy phase of ISI began to run out, within the State there expanded a techno-bureaucracy inspired by modernization (Guimarães, 1997), which sought to impose itself at the top, setting interpretations and practices that matched up with those capital factions that hegemonized the power bloc (O'Donnell, 1972.). It was, precisely, in the second half of the nineteen-sixties when the bureaucratic rings developed (Cardoso, 1975), in reference to the relationships between the States and interest groups through which the former served the patrimonial requirements of the most concentrated groups in a clientelist fashion, through its managers and diverse organizational behaviors (Castellani, 2002). Thus, rent-appropriation entrenched, encouraging the dismantling of the State's distributive role and depositing in foreign capital the hope, which never materialized, of the modernization of development.

The discourse of reality revealed a state trajectory in which, paradoxically, as the need to have a Gerschenkronian State grew stronger, which ought to be able to confront even greater challenges than at the center, the possibility for a suitable and well-articulated structure to emerge within them, able to lead a change in behavior in the dominant actors, faded.

The impossibility of endowing the State with an organizationally and operationally coherent structure affected the ability to act on the accumulation process, due to the inability to guide the behavior of local and foreign capitalists toward an endogenous and dynamic accumulation pattern. The developed structures went against the demand for a State with the ability to lead capital factions toward the formation of an industrial productive core in which local actors would be able to attain more highly complex technological activities, reversing the short-term and foreignizing logic and moving toward long-term programs that would progressively position vernacular actors in the demanding segment of capital goods.

The resulting structure crystallized the tensions-contradictions of a complex socio-political model (Cavarozzi, 1996), in which private and public interests were at interplay through multiple mechanisms, reflecting, on the one hand, the inexistence of a purpose in the elites, both dominant and subordinate, within and without the political apparatus, to enable the formation of a directive State; and, on the other, the will of institutional and political leadership of the subordinates to capture rents beyond the effective functioning of the accumulation pattern.

As the State itself was become the most central of the actors to resolve the tensions and legitimize the conflictual scenario, the expansion of its fragmentary and colonized structure, resulting from all that, increasingly distanced any chance for the State to have any alternative or directive impact on society, able to overcome that tension across the dominant actors, which slowed accumulative change, and those activated stakeholders who demanded more distributive actions. Its growing presence, by contrast, encouraged a short-term practice, underpinned by capitalizing on the selective Benefits obtained through the capacity of colonization and the multiplication of different state agencies (O'Donnell, 1993). Via this modality, and to the extent that it took on an ever-expanded role, the State became the main actor who turned out to be unable to weave together a script that would oblige the rest of the cast to act in favor of the requirements of a structurally more autonomous and more dynamic accumulation process. Expressed almost as an oxymoron, the Latin American State became an expression of the *growing weakness of the increasingly essential*.

Finally, the impossibility of resolving at the accumulation process level the tensions and inconsistencies across the diverging interests of the distributive dynamics of the upper echelons and the preservation of a power structure based on extroverted and rentier capitalism, it ended up forcing the chaotic internalization of these tensions in the State, giving rise to a state reproduction with "spurious and morbid" traits, to use Prebisch's own words (1963, p. XVIII).

This not only contributed to lending a seal of—negative—specificity to the peripheral condition, but ended up weakening it as a strategic tool to alter that accumulation pattern and reverse said condition. In light of such fragmentary and uncoordinated reproduction of its organizational structure, the State never managed to form an organizationally coherent and technically trained involvement core from which to control and direct strategic resources—like tax and financial resources—, on which point the State grew further apart from the ascendant experiences of East Asia (Fernández, 2017).

The track record of the Latin American State therefore took shape as a faithful expression of the *weakness of the essential*, from whose organizational and operational configuration emerged its inability to: 1) alter the obstacles to the

industrialization process, given the inability to discipline and strategically condition domestic and foreign capital; 2) resolve the intra-national tensions between that capital which hegemonizes the power bloc and the distributive activation of the subordinated sectors; and 3) avoid the *oxymoronic* weakening that went along with its growing state intervention.

#### 4. CONCLUSIONS

Beginning with a recognition that Latin American structuralism, specifically, Prebisch's oeuvre of theory, fails to reflect on the nature of the peripheral State, the aim was to centrally situate the specificity of the Latin American State in the framework of his development proposal, in order to understand not only Prebisch's *shifting mood* when it comes to the State's role in this process, but also to reveal certain analytical restrictions on identifying the ways through which the State—actively involved in promoting ISI—eventually too became a problem preventing progress from being made on the objectives preached by the author.

In this way, although Prebisch did not dive into the role of the State, he did warn of the challenges associated with the type of intervention deployed in the historical process, which distanced themselves from the predominant conception of neutrality and efficiency found in his initial writings at the ECLAC. The *ex post* analysis allowed him to point out that involvement practices positioned the State rather as a generator, legitimizer, and non-reverser of the problems related to the limitations manifest in the ISI to overcome the peripheral-dependent condition in the region. Nevertheless, that analysis turned out to be deficient, as it lacked the precision as to which aspects related with constitutive and implicative forms give specificity to the peripheral condition of the State, and a consideration of the way in which it operated feeding back on/with the reproduction of the peripheral condition that took place at the level of the accumulation process.

By specifying the peripheral qualities of the Latin American State under the logic composed of the complex process of internal and external elements analyzed, it becomes possible to envisage the set of conditions under which Prebisch's standpoint toward the State took place, as well as the central role of the State in the inability to overcome the emerging limitations of ISI. This analysis therefore helps identify not only the structural aspects that conditioned the intervention capacity of the State, but also to understanding the impossibility of configuring a statehood endowed with certain qualities in its structures that would permit it to direct the process to transform said accumulation dynamics, as Prebisch preached, and as happened in other geographic spaces in the periphery. By contrast, the growing mechanisms of configuration and implication, fragmented and coopted, were inclined to attend to and legitimize the conflictiveness persistent in the region resulting from the tension between the stronger claims from the *activated* actors and the inability to enable an industrial accumulation pattern that would lend sustainability to burgeoning demands for redistribution.

As a consequence of that process, the State was not only unable to lead the transformation of the Latin American productive structure under the drive of ISI, but also became increasingly weak in terms of its ability to act and resolve the challenges emerging in the region when, years later, the global restructuring process began, led by the Washington Consensus. Finally, when the State was put on the bench of the accused as the main actor involved in the problems setting the region back (Pinto, 1987), the emerging conditions of the *weakness of the essential* meant that the responses developed by the region in reaction to globalization were not those pathways espoused by structuralism in general and latter-day Prebisch, in particular.

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<sup>2</sup> This turn is undoubtedly influenced by the experience of Peronist Argentina. Even so, the arguments initially wielded to criticize this country's political experience (Prebisch, 1956a, 1956c) were later generalized to analyzing all Latin American countries.

<sup>3</sup> This more critical stance toward the State found continuity in the latter years of Prebisch's works, toward the end of the nineteen-seventies and the early eighties, when the State began to be seen as an actor actively intervening in the realm of power and class relations, in a context in which authoritarian and adjustment experiences were making strides forward in the region.

<sup>4</sup> A consideration of this model and its ties to the State (although without theorizing the State as the object of study) began to emerge in successive contributions from the ECLAC circle, especially in works by Graciarena (1984), Medina Echavarría (1963), Cardoso and Faletto (1977). Contextually, these contributions were in great tension with other approaches pertaining to the dependency school, which debated the condition and viability of capitalism in the periphery, and criticized the functional role of the State with respect to the hegemonic production mode.

<sup>5</sup> The notion of peripheral State refers to a generic reflection aiming to elucidate certain characteristics common to Latin American countries, while still acknowledging—on the plane of this holistic analysis—the particularity of the processes by which each came to be and the specificities of their historical trajectories.

<sup>6</sup> According to Migdal (2011), in third-world countries, the existence of myriad social organizations with the possibility to exercise effective social control has a decisive impact on the chance for States to expand their capabilities. The strength of these fragmented organizations influences the priorities of State leaders and the possibility to implement-impose laws and policies. At the end of the day, State leaders can intentionally weaken their own state structures charged with imposing the rules, and the State can deliberately bolster those who apply rules that run in the face of their own.



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