

CHAPTER 5

The Hollow State: The Effect of the World Market on State-Building in Brazil in the Nineteenth Century

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In the nineteenth century European colonies in the Americas were not like ripening fruits, with the most mature, fecund ones developing most quickly into the best formed nation-states.¹ Counter-intuitively, the colonies with the most integrated and articulated state/church machinery and with the most prosperous market societies were not the first to consolidate post-colonial state power. Indeed, one could almost argue the inverse: the colonies where colonial capacity and penetration were the greatest, such as Mexico and Peru, had the more perilous and drawn-out journeys to statehood in the nineteenth century. The haphazard contingencies of history guided the formation of states as much as did institutional structures. But the relationship to the world economy was also fundamental. In some cases, at least, sovereignty and state capacity were built from without, slowly reaching into the interior, helping to build a nation as well as a polity.

One of the least likely candidates for a relatively smooth transition to statehood was continental-size, under-populated and weakly governed Brazil.² Yet many contemporaries and later scholars have held that Brazil did in fact experience a strong, centralised post-colonial state in the nineteenth century. Unlike Spanish America, Portuguese America did not break up into many independent states but remained united. Indeed, Brazil greatly expanded its territory and the state extended its reach. Moreover, Brazil's sovereignty received early international recognition.

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¹ Caio Prado Junior believed that with independence 'elements of Brazilian nationhood ... finally came to flower and reached maturity', see *The Colonial Background of Brazil*, trans. by Suzette Macedo (Berkeley, 1971), p. 2. See also, José Honorio Rodriguez, *Independência: revolução e contra-revolução* (Rio de Janeiro, 1975) vol. 1, p. 301.

² For a discussion of the recent literature on states, sovereignty and the world economy, see the introduction to David Smith, Dorothy Solinger and Steven Topik (eds.), *States and Sovereignty in the Global Economy* (London, 1999).

A good case could be made that the state preceded, and indeed created, the nation, as was the case in Europe. Despite having the same ingredients as Spanish America to create 'creole nationalism' — a homogeneous European or Europeanised elite; a single mutually-comprehensible language for the free population;³ the monopoly of the Catholic religion — Brazil was conspicuously late to develop nationalism or a sense of nationness.⁴ The proto-independence movements prior to 1822, such as the Inconfidência in Minas Gerais or the Taylor's Revolt in Bahia, which are often taken as evidence of precocious nationalism were either race wars or elite efforts to protect and increase local power.

This chapter will explore whether the new state derived its form, sovereignty, legitimacy and power as a natural outgrowth of its patrimonial colonial heritage, including the only successful New World post-colonial monarchy, or if it was more a product of the world economy and European liberalism. If foreign states, capital and trade helped to strengthen, and in some ways create, the incipient Brazilian state, did the foreign underpinnings of the new state also diminish its domestic capacity? Does the Brazilian experience demonstrate that the opening to the world economy was beneficial to state-building in Latin American colonies or that it created distorted, hollow states?

Brazil's monarchy in the nineteenth century was a hybrid state form that was unique not only to Latin America but in the world. It was the only successful new world monarchy with the trappings of European liberal constitutional parliamentary government yet based on the divine right of the emperor. Inheritor of a Portuguese tradition of a patrimonial state and a self-sufficient economy, Brazil also enjoyed a thriving export economy based on private initiative and African slave labour. As a result, the Brazilian state has served as a laboratory for students of state-building. To venture into this extremely involved question, I will sketch some comparisons with a very different colony and post-colonial state, Mexico.

³ Despite the continental reach of Brazil, the Portuguese spoken in the Amazon by the elite was understandable by the elite two to three thousand miles away in Rio Grande do Sul. Yes, there were local expressions and slang and African languages had greater influence in say Bahia where there may have been a clandestine African pidgin dialect than in the Amazon where a creole 'lingua franca' with Tupi elements developed. But these affected the plebeians, who often could speak more Portuguese than the elite.

⁴ Benedict Anderson, *Imagined Communities. Reflections on the Origins and Spread of Nationalism*, rev. ed. (London, 1991), pp. xiii, 46, 192. On Spanish American nationalism see: Jaime Rodríguez, *Spanish American Independence* (Cambridge, 1998) and Florencia E. Mallon, *Peasant and Nation* (Berkeley, 1995). On Brazil see José Murilo de Carvalho, *Pontos e bordados* (Belo Horizonte, 1998), pp. 101 and passim. There are respected historians such as Jobson Arruda who argue the reverse, that the nation (if not nationalism) preceded the state; see: 'Estados e sociedades ibéricas, realizações e conflitos (Séculos XVIII–XX)', *Actos dos 3ºs Cursos Internacionais de Verão de Cascais*, 1996, p. 204.

Questão: a experiência brasileira demonstra que
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 o estado.

Brazil's Patrimonial State

That the Brazilian independent state was admired and trusted by Europeans is beyond question. It was seen as a civilised, Europeanised regime. Yet the nature of the Brazilian imperial state and its secrets for success have been heatedly debated by Brazilians. Joaquim Nabuco, one of Brazil's leading statesmen, captured the paradoxical nature of the Brazilian imperial state. On the one hand, complained Nabuco, 'everything is expected to come from the state which, being the only active organisation, seeks and absorbs — through taxes and loans — all the available capital to distribute it among its clients by public employment ...' As a consequence, then, government employment has become the "noble profession" and the vocation of all.' On the other hand, Nabuco denounced 'the feudal division of land' into 'a certain number of huge properties' that served as 'small ashantis in which only one will rules'.⁵ So he saw a state that both dominated everything and a state that had no influence at all, at least in the countryside. It was a combination of a European realm and feudal fiefs and African ashantis. Modern students of the empire have emphasised different aspects of this heterodox state, seeing it as patrimonial, seignorial or liberal, centralised or fragmented, beholden to foreigners — either Portuguese or British — or exercising independent sovereignty.

Much of the analytical confusion derives from attempts to pigeon-hole the Brazilian experience into categories derived from simplistic notions of European history and to emphasise only one facet of the state and society rather than understanding how they fit together. In fact, Brazil combined elements of what appeared to be different historical epochs because until 1889 it had what appeared to be a centralised monarchy and yet had a slave-based export orientation. As a result, the state looked very different from the capital cities and from the countryside. That the nineteenth-century state could take different forms would not surprise a student of Mexico, which passed from colony to monarchy to federalist and centralised republic (several times) to monarchy again, back to oligarchic republic. Those changes are not viewed so much as signs of analytical confusion as evidence of political unrest.

Brazil, however, seemed to pass from colony to independent nation without the bloodbath and chaos that reigned in Mexico.⁶ Unlike the mestizo caudillo regimes that Europeans scorned in Spanish America, Brazil was seen as a refined

⁵ Joaquim Nabuco, *Abolitionism: the Brazilian Antislavery Struggle*, ed. and trans. by Robert Conrad (Urbana, 1977), p. 106.

⁶ One should not exaggerate the peacefulness of the Brazilian independence process by focusing just on the final outcome. As José Murilo de Carvalho shows in *A construção da ordem, a elite política imperial* (Rio de Janeiro, 1980) and *Teatro de sombras* (Rio de Janeiro, 1996), p. 231, there were 18 revolts between 1831 and 1848 in 11 provinces. Some of them, such as the Cabanagem in Pará were very bloody and others, such as the Farroupilha in Rio Grande do Sul lasted a decade.

European-type monarchy, ruled by kings with royal European blood, with functioning parliamentary governments. (The millions of African slaves somehow did not impugn the nation's perceived civility.) If the state's legitimacy was not much contested and the emperor ruled with limited violence, why has there been this disagreement about how to characterise the nineteenth-century Brazilian state?

Part of the problem is in the definition of the state. To emphasise the Europeanness of the system, the countryside generally has been seen as beyond the pale, a separate, private world of the family and the plantation. Similarly, Mexico is depicted as chaotic because the Mexico City regime is emphasised rather than political forms on the periphery. Part of the key to understanding both states is the symbiotic relationship between the countryside and the city, the municipalities and the capitals. The relative power of the central government in Brazil and Mexico also differed because of the varying relationship between the national economies and the world system.

Contradictory Views of the Brazilian Imperial State

Many contemporaries shared Nabuco's view that the imperial state was overweening. To them the state created the nation. There was little sense that nationhood had preceded the Portuguese or had arisen organically from shared experiences of the colonial populations, and certainly not from the pre-colonial peoples. The Portuguese king imposed an absolutist state when he crossed the Atlantic in 1808. The Bragança family grafted its regal legitimacy onto the New World colony. This Lusitanian import was seen as an absolutist regime. The liberal essayist Aureliano Candido Tavares Bastos complained at mid-century of an 'extremely powerful state' in which the excessive number of bureaucrats 'concern themselves with everything and do nothing'.⁷ The entrepreneur Visconde de Maua frequently attacked 'undue government intervention', while the German observer Carl von Kosteritz concluded that 'there are few princes in the world whose will intervenes so much in the destiny of their nations as does Dom Pedro's who, in the true meaning of the expression, "reigns, governs and administers"'.⁸

Some scholars have subsequently endorsed this view. Political scientists and historians such as Raimundo Faoro, José Murilo de Carvalho, Roderick Barman, John R. Hall, Fernando Uricoechea, Eul-Soo Pang and Ron Seckinger posit a 'bureaucratic estate' or 'mandarins' with considerable autonomy from the planter elite.⁹ These authors see the empire as a patrimonial state that want-

⁷ A.C. Tavares Bastos, *Cartas do solitário* (1863, São Paulo, 1975), p. 29.

⁸ Irineo Evangelista de Sousa (Visconde de Maua), *Autobiografia* (1889, Rio de Janeiro, 1942), p. 235 and Von Kosteritz quoted in Anyda Marchant, *Viscount Maua and the Empire of Brazil: A Biography of Irineu Evangelista de Sousa* (Berkeley, 1965) p. 267.

⁹ In discussing the founding of the Brazilian Empire Raimundo Faoro says 'The most important interests concentrate in Rio de Janeiro ... The State returns to its patrimonial origins and foundations, nourished by commerce, collecting along its long path new

A tese de Nabuco do Estado impresente, que criou a sociedade, exprime-se na tese de um Estado burocrático.

ed to control the production and circulation of goods and capital. This was an urban-controlled regime of monopoly and privilege.

Others have argued that although the state was important in directing economic activity, it was far from autonomous. On the contrary, according to traditional Marxist historians such as Caio Prado Júnior, Nelson Werneck Sodré, Florestan Fernandes and Jacobo Gorender, it was an instrument of the landed ruling class and acted to insure their interests.¹⁰ Here the state represented the interests of a specific class — export-oriented slaveholders. Because slavery was a pre-capitalist labour form, the ruling class was supposedly suspicious — not of *private* enterprise — but of capitalist enterprise, both national and foreign. Here we find a rather 'feudal' export-oriented regime, not the cosmopolitan mercantilist state of the patrimonial state school. The model is more Prussia than Portugal.¹¹

Dependentistas such as Andre Gunder Frank and Theotonio dos Santos, on the other hand, disdained the 'corrupt state of a non-country'.¹² To them the state was not a strong actor, not even a night watchman, but a servant. They assert that the empire represented a marriage of a 'comprador' ruling class and foreign colonialists and imperialists whom the 'lumpen' state defended. Foreign investors and merchants, according to this view, were the privileged recipients of state largess. The *dependentista* state was a neo-colonial state. Many histori-

renovating colours without weakening its central trajectory, that ... leads to the mercantilist style ... Money and politics return to their embrace, subjugating the propertied class.' Raimundo Faoro in *Os donos do poder*, 2nd ed., vol. 1 (São Paulo, 1975), p. 329. Also see: Eul-Soo Pang and Ron Seckinger, 'The Mandarins of Imperial Brazil', in *Comparative Studies in Society and History*, vol. 9 (1972), pp. 215–44; Roderick Barman and Jean Barman, 'The Role of the Law Graduate in the Political Elite of Imperial Brazil', *Journal of Interamerican Studies and World Affairs*, vol. 18 (1976), pp. 423–94; Murilo de Carvalho, *Construção da ordem*, pp. 51–8; John Hall, 'The Patrimonial Dynamic in Colonial Brazil', in Richard Graham (ed.), *Brazil and the World System* (Austin, 1991), pp. 57–88; and Fernando Uricoechea, *The Patrimonial Foundations of the Brazilian Bureaucratic State* (Berkeley, 1980).

¹⁰ Florestan Fernandes, *A revolução burguesa no Brasil: ensaio de interpretação sociológica* (Rio de Janeiro, 1974), pp. 54–60; Caio Prado Junior, *Historia económica do Brasil*, 15th ed. (São Paulo, 1972), pp. 192–209; Nelson Werneck Sodre, *Historia da burguesia brasileira* 3rd ed. (Rio de Janeiro, 1976).

¹¹ Some scholars have likened Brazilian development to the Prussian road that modernised while always maintaining the power of landlords. See Luís Carlos Soares, 'From Slavery to Dependence: A Historiographical Perspective', in Graham (ed.), *Brazil and the World System*, pp. 89–108. See also comparable studies of the USA such as Eugene Genovese's *The Political Economy of Slavery* (New York, 1965) and Jonathan Wiener's *Social Origins of the New South, Alabama 1860–1885* (Baton Rouge, 1978).

¹² Andre Gunder Frank, *Lumpenbourgeoisie, Lumpendevlopment* (New York, 1974), p. 70 and Theotonio dos Santos, 'Brazil, the Origins of a Crisis', in Ronald Chilcote and Joel Edelstein (eds.), *Latin America: The Struggle with Dependency and Beyond* (New York, 1974), pp. 409–90.

ans such as Jacob Gorender refer to the 'colonial pact', which they argue went on until the end of the empire.¹³

A fourth perspective on the Brazilian imperial state returns to the feudal analogy, but this time rather than being an instrument for the feudal lords, the state disappears. According to Nestor Duarte, the 'Estado senhorial' had little effect.¹⁴ The country was run by landed clans largely independent of state interference, and the emphasis now is not on the export orientation but rather on social control in the countryside.

One area in which there has been agreement is that slavery permanently marked Brazil's development and shaped the state's relationship to civil society, since Brazil was the last independent country in Latin America to retain slavery, abolishing it only in 1888. The consequences were contradictory. On the one hand human bondage limited state capacity and penetration, since in the most prosperous areas most labourers were not subjects but rather chattel over whom the state had little authority. Indeed, the Portuguese state could not intervene between the plantation owner and his workers as the Spanish state often did. Slaves had no traditional or political rights, and they did not pay taxes. There was no significant equivalent of Indian courts, parish priests or *corregidores*, who had a vested interest in protecting the working population to some degree as in New Spain. The Portuguese crown was much less interested in restraining the political power of planters over their dependents than in encouraging maximum productivity. The countryside was, then, effectively under the private control of clans. On the other hand, the threat of slave revolts and a Haitian-style revolution convinced the many large and small-scale slaveowners that they needed formally to recognise the authority of a state that was effectively a hollow state, seeming strong to foreign outsiders but with little reach into the interior.

This pattern continued into the national period. Although slavery was usually abolished in Spanish America within a decade or two of Independence, in Brazil it continued for almost 70 years, and the number of imported slaves swelled for three decades. Between 1831, when Brazil signed a treaty with Great Britain agreeing to abolish the slave trade, and 1851, when the British enforced the end of the Atlantic traffic, close to 700,000 African slaves entered Brazil.

Richard Graham, focusing on the politics of patronage that undergirded this relationship between the state and the latifundia has shown in a perceptive study that since

¹³ Jacob Gorender, *O escravismo colonial* (São Paulo, 1978). See also Luiz Carlos Soares, 'From Slavery to Dependence: A Historiographical Perspective,' in Graham (ed.), *Brazil and the World System*, and Fernando Novais, *Estrutura e dinâmica do antigo sistema colonial* (São Paulo, 1974).

¹⁴ Nestor Duarte, *A ordem privada e organização política nacional* (São Paulo, 1939). Francisco Jose Oliveira Vianna took a similar position in *Instituições políticas brasileiras*, 2 vols. 3rd ed. (Rio de Janeiro, 1974).

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Men of property dominated the Brazilian state in the nineteenth century ...

Cabinets exercised their authority not against local leaders but through them, and these landed bosses, in turn, sought not to oppose the government but to participate in it. Thus emerges a crucial point in understanding politics in nineteenth-century Brazil that greatly lessens the significance of any hypothetical opposition between private and public power.¹⁵

The objectives of both the state and society, according to Graham, were to maintain the principles of authority, hierarchy and deference. Diverging from Nabuco, Graham holds that slavery contributed to — but was not essential to — this social formation. He emphasises local and national political manoeuvring within Brazil to maintain social peace and authority. David McCreery brilliantly depicts that relationship in the interior province of Goiás in the present volume. This essay attempts to expand upon these insights by emphasising the importance of Brazil's place in the world economy in constructing its public-private relationships. Economics were, of course, a central part of the construction of the state. The state depended upon planters to generate wealth while planters needed the state both to enforce authority and deference, and also to put a civilised face on a system based on brute force and arbitrary power so that Europeans would trade with, invest in and lend to Brazil.

The slave system was mostly run outside of state supervision by owners and overseers — there were no slave codes. But the state did serve as the repressor of the last instance of slave rebellions and regulated the transmission of slaves as property. Fear of slave rebellions guided a rather peaceful independence process and then united the elite in the late 1830s. The bloody revolts from Rio Grande do Sul in the south to Pará in the north in the wake of Dom Pedro I's departure in 1831 convinced the elite in 1840 to recognise the premature majority of Dom Pedro II and centralised authority. A divinely appointed sovereign of European royal blood united the troubled elite who worried that the urban popular classes would join with slaves. Nonetheless, the imperial state's legitimacy and authority derived as much from its role as intermediary between Brazil and foreign powers as from state domestic control and the symbolic importance of the emperor. Prosperous international trade and European loans sustained the treasury and the state. The national state's sovereignty was recognised by overseas powers before most of its own subjects recognised it. Foreign states and merchants were more responsible for supporting Brazil's post-colonial state through the revenue they provided than for undermining it. Such foreign support allowed Portuguese America to consolidate its territory while Spanish America fragmented. Indeed, Brazil more than inherited Portuguese America; it grew in the nineteenth century, consolidating the nineteen captaincies under

¹⁵ Richard Graham, *Patronage and Politics in Nineteenth-Century Brazil* (Stanford, 1990), pp. 1, 3.

Rio's rule and adding parts of Paraguay, Bolivia, Peru, Venezuela and Colombia. Obtaining external recognition and expanding national borders was easier than extending authority over the interior of this hollow state.

However, the external prop to Brazil's monarchy was a mixed blessing. It meant that the state did not much penetrate the interior. The empire negotiated between the interests of foreign merchants, investors and diplomats, and the landed exporting class. While this diversified dependence meant that imperial statesmen could play off foreign and domestic interests, the state's space to manoeuvre was sharply circumscribed. Local disputes tended to be resolved locally without becoming politicised at the national level, unlike Mexico, where a number of local revolts led to the overthrow of the president in Mexico City and a strengthened sense of national identity.

Although the Brazilian imperial state was extremely politically centralised, it was, in José Murilo de Carvalho's felicitous term, 'macrocephalic', centred in Rio and the port cities. Even there the state offered few basic services, such as health and education, and neither did it bolster the Church.

Brazil's peculiar history and its position in the world economy explain its unique state form. The Brazilian colony, named after a traded commodity (*pau brasil*), was, more than any other Iberian colony, the creation of the world economy. Its historical epochs can be summarised by listing commercial produce: Brazilwood, sugar, gold, coffee, rubber. Its most important trade goods were transplants, its labourers and capital were imports, and its commercial and ruling classes foreign. Mircea Buescu has estimated that over half of all commercial production in the colonial period was exported.¹⁶ Brazil was more market-oriented than almost any other place on earth. The world's largest importer of African slaves and one of its greatest commodity exporters, Brazil was a typical circum-Caribbean export enclave ruled by rural latifundiarios with few government officials outside the ports and the gold fields.

Brazil underwent a remarkable and abrupt process of state-building in the aftermath of Napoleon's invasion of Portugal. Transferring the court to the New World in 1808, transporting the entire apparatus of state and much of the imperial ruling class across the Atlantic while converting the export colony into the centre of the Portuguese empire suddenly thrust together two different social formations. Lusitanian mercantilist institutions were transplanted in the tropics, but only in the urban civil society. Brazil had already occupied a central place in the Portuguese empire. Indeed, some argued that because of Brazil's thriving economy Portugal was a colony of Brazil even before the two became co-kingdoms in 1815.¹⁷ But the institutions of government had to await the arrival of the

¹⁶ Mircea Buescu, *Brasil: disparidades de renda no passado* (Rio de Janeiro, 1979), p. 17.

¹⁷ Jobson Arruda, 'Mita e símbolo na história de Portugal e do Brasil', *Actas dos IV Cursos Internacionais de Verao de Cascais* (1998), vol. 3, pp. 213–28.

Portuguese prince regent, Dom João. For the first time a sizeable bureaucracy was created in Brazil, and attempts were made to subdue the countryside.

The arrival of the future king was neither purely an accident of history nor was it entirely imposed by the Portuguese invasion of Napoleon's troops. The British, who were running a trade deficit with Portugal largely because of Brazilian re-exports, had begun planning the transfer of the monarchy to Brazil as early as 1801. London merchants sought to trade directly with their Rio counterparts rather than through the Portuguese. In other words, the success of Brazil's export economy convinced the British to make the fateful decision of first assisting in the movement of the court to America and then helping Brazil declare and sustain its independence from Britain's long-time Portuguese allies.¹⁸

Brazilians had the good fortune of throwing off a much weakened Portuguese master who was in no position to reimpose colonial rule. Their glory days more than two centuries behind them, the Portuguese had become dependent upon the British and the Brazilian colony. The ties were strengthened when the British navy escorted Dom João across the Atlantic, then protected him in Brazil while helping wage war in Portugal to return his throne. In fact, after the French were expelled from Portugal and while Dom João remained in Brazil, an Englishman effectively ruled Portugal by presiding over the Council of Regency. He later became commander in chief of the Portuguese army.¹⁹ As Lord Strangford wrote: 'I have entitled England to establish with the Brazils the relation of sovereign and subject and require obedience to be paid as the price of protection.'²⁰ The British aim was for Rio de Janeiro to become 'an emporium for British manufactures destined for the consumption of the whole of South America.'²¹ The treaty signed between the two countries in 1810 demonstrated the degree of Portuguese obedience. Not only did it enforce the royal decree of 1808 opening Brazil's trade to all countries, it set the maximum duty on the importation of British goods at only 15 per cent, allowed British merchants to set up shop in Brazil and awarded them extra-territorial judicial privilege. Brazil received no trade concessions in return. Renewed in 1827, this treaty opened the Brazilian economy to foreign merchants and foreign trade. It is ironic that Dom João VI, who, advised by his councillor José Bonifácio to seek a strong state developmentalist role to push industrialisation, instead wound up opening the path to free trade.²² The crown did not lack a statist philosophy or statesmen well-versed in mercantilist thinking. Yet it now found itself in an export

¹⁸ *Ibid.*

¹⁹ Leslie Bethell, 'The Independence of Brazil', in L. Bethell (ed.), *Brazil. Empire and Republic, 1822–1930* (Cambridge, 1989), p. 25.

²⁰ Quoted in Alan K. Manchester, *British Preeminence in Brazil, its Rise and Decline* (Durham, NC, 1933), p. 67.

²¹ Quoted in Bethell, 'The Independence of Brazil', p. 18.

²² Jean Batou in *Cent ans de résistance au sous-développement* (Geneva, 1990), pp. 218–21.

economy with little industrial infrastructure and a small market. The Portuguese had to adapt to the export climate of their host which British traders and ships facilitated. The situation was irreversible once the treaty lapsed in 1843.

Brazilians were not completely subservient to the British. They manifested sufficient sovereignty to avoid signing another trade treaty for almost half a century, to forestall for two decades the end of the Atlantic slave trade much sought after by the British and to evade the abolition of slavery for most of the century.²³ But Brazil was so enmeshed in the world market that diplomatic initiatives or invasions were not necessary to convince Brazilians to trade or to open Brazil's resources to foreigners.

The Brazilian state's reliance on foreigners was based on more than diplomatic and military necessity. Limited state capacity resulting from three centuries of concentration on international commerce and an interior ruled by independent *fazendeiros* dictated that foreign trade and loans rather than taxes on land, labour or internal commerce would serve as the foundation of imperial finances. It was possible to erect a state that was recognised from abroad without having to conquer the acquiescence of the Brazilian landed elite. Where in Europe 'war made the state and the state made war', in Brazil trade made the state and allowed the state to avoid internal wars.²⁴

As Miguel Centeno points out in this volume, Brazil's experience conformed to the general Latin American pattern in that the military was not strong. Dom João's army and then Pedro I's army were staffed largely by Portuguese career military men and led by Portuguese officers. Their objectives, particularly in the Banda Oriental (Uruguay), were more closely related to Portuguese goals than Brazilian nation building. Warfare led to state-building in Brazil, not in the sense of creating strong armed forces and internal tax extractive apparatus, but in the sense that regional, often race-based revolts convinced regional elites to acquiesce in central government authority while retaining their own military authority through the national guard. It was the failure of that military arrangement, manifested in the bloody war against Paraguay (1865–70), which led to demands for the modernisation of state and armed forces, and eventually to the founding of the republic.

The weak military and tax institutions would lead to economic policies that were liberal — 'para Ingles ver' ('for the English to see') — in the ports and that fell very far short of liberalism in the interior. Such a combination turned out to be something of an advantage in the short run. The hollow state of *Brasil independente* did not have to transform the fiscal system, unlike independent Mexico,

²³ M.P. Macdonald, *The Making of Brazil: Portuguese Roots, 1500–1822* (Sussex, 1996), pp. 460–4; Stephen Haber and Herbert S. Klein, 'The Economic Consequences of Brazilian Independence', in S. Haber (ed.), *How Latin America Fell Behind* (Stanford, 1997), pp. 245–53. For a discussion of the next trade treaty, see Steven Topik, *Trade and Gunboats* (Stanford, 1996).

²⁴ Charles Tilly, *The Formation of National States in Western Europe* (Princeton, 1975), p. 42.

which would require painful adjustments because it inherited an ancien regime tax system based in good part on taxing internal trade and establishing monopolies.

The imperial regime in Rio found it much easier to tap international resources than to extract revenue internally. To maintain access to overseas funds, the empire had to follow policies that were essentially liberal. Despite the apparent contradiction between a slave-based monarchy and liberalism — an idea 'out of place' according to Roberto Schwartz — it was not a contradiction with *economic* liberalism. (Indeed, European observers considered its constitutional monarchy liberal as well.)²⁵ Officially, the country was on the gold standard. Although currency was inconvertible early on because Dom João took the Banco do Brasil's gold reserves back to Portugal with him in 1830, and Brazil had had to pay large indemnities to Portugal in return for recognition of independence, monetary policy was orthodox in order to maintain the value of the milreis. Except for some spurts, as during the 1820s and during the Paraguayan War, the per capita money supply grew about at the pace of the economy. For most of the period the treasury (rather than private institutions or individuals as in most of Latin America) had the monopoly of issue and found maintaining its credit more valuable than paying its bills with depreciated currency. Indeed, for most of the 1870s and 1880s the real money supply actually declined.

Consequently the value of the Brazilian milreis remained surprisingly stable after 1830, generally fluctuating between 20 and 30 pence to the milreis.²⁶ By one calculation prices between 1850 and 1889 barely doubled despite the Paraguayan War and were stable between 1870 and 1889. In a country whose urban population was quite dependent upon imports, this meant that there was little inflation and few urban revolts of the dangerous classes.²⁷

The strong performance of the milreis allowed Brazil to enjoy better credit in London than any other Latin American country, and almost any country outside Europe — indeed better than parts of Europe. While the great crash of 1824 closed the City to most Latin Americans, Brazil continued borrowing throughout the empire's lifetime, taking 15 loans worth about £40 million. By 1889 Brazil had the largest foreign debt in Latin America and was still able to float loans on London. Price stability meant that the government was successful in placing internal loans in milreis, mostly from foreign merchants. The ability to borrow allowed the empire to distribute patronage, pay off the army and service the debt, while avoiding greater taxes on the planters. Brazil largely escaped the ravages of *caudillismo* and *pronunciamentos* that so weakened Spanish American states and societies because its relatively peaceful independence

²⁵ Roberto Schwartz, 'As ideias fora do lugar', *Estudos CEBRAP*, no. 3 (1973).

²⁶ IBGE, *Separata do Anuario Estatístico do Brasil, 1939/40*, p. 63.

²⁷ Raymond W. Goldsmith, *Brasil 1850–1984. Desenvolvimento financeiro sob um século de inflação* (São Paulo, 1986), pp. 30–1.

movement did not militarise society. This, combined with the tax base and the stability of the milreis, allowed the treasury to pay off the armed forces.

But while the ability to borrow abroad strengthened the state's autonomy vis-à-vis the domestic elite, the great debt dictated continued orthodox monetary policies which very much restricted the treasurer's policy alternatives. He had to maintain the value of the milreis and thereby prevent the rise in the cost of debt servicing. Tight money was undertaken at the expense of the many indebted planters, who would have preferred to see inflation diminish the real value of their debt, and the nascent domestic manufacturers and artisans, who would have happily greeted the protection from imports that a weaker currency would have afforded. The restricted money supply also hurt internal commerce since coin was almost unknown in the interior and even provincial cities often found themselves short of money.²⁸

Of course this system of external support for the state required sufficient taxes on external trade. Coffee came to the rescue in the wake of the decline of gold and then sugar. In the last 60 years of the nineteenth century coffee sales abroad grew 800 per cent and Brazil became the world's largest producer of coffee, the world's second or third most valuable internationally-trade commodity. Large exports also enabled Brazil to enjoy very high imports. But the fiscal necessities of debt servicing meant that the treasurer could not charge high customs duties. Even after the treaty with the British expired in 1843 and Brazil went through almost half a century with no trade agreements, the country continued what was essentially a policy of free trade, using customs for revenue until almost the end of the empire.

Brazil's post-Independence experience contrasted sharply with that of Mexico and most of Spanish America. The Mexican state was undermined by foreign powers, foreign trade and foreign investment rather than being sustained by them. The failure of debt policies in Mexico was intimately related to the fact that it was a militarily weak, politically unstable and debt-ridden state, even though the internationally-respected peso maintained its value until the 1870s. Mexico's disastrous experiences with first the 1825 and 1826 loans, then the infamous Jecker bonds that provided the excuse for the French intervention and finally Juárez's moratorium on debt repayment made the country an international pariah for much of the nineteenth century.²⁹ Only in the 1880s did Mexico begin to restore its credit by reaching an agreement with British bondholders in 1886 and then organising the great £10.5 million conversion loan of

²⁸ C.F. Van Delden Laerne, *Brazil and Java. Report on Coffee-Culture in America, Asia and Africa* (London, 1885), p. 209.

²⁹ For more on this see Carlos Marichal, *A Century of Debt Crises in Latin America: from Independence to the Great Depression, 1820–1930* (Princeton, 1989) and Steven Topik, 'When Mexico had the Blues; a Transatlantic Tale of Bonds, Bankers, and Nationalists, 1862–1910', *American Historical Review*, vol. 105, no. 3 (June 2000), pp. 714–38.

1888. Not only past history, but continuing trade deficits (which averaged US\$ 3.5 million in the 1880s) tarnished Mexico's credit. In 1888 Mexico's foreign debt stood at US\$70.8 million, about one-half of Brazil's. But because of lower exports, it required a marginally larger share of national exports to service it. Debt repayment jumped to one-quarter of the budget once debt servicing was normalised two years later and remained at about that level over the next two decades, approximately the same share as in Brazil.

The eagerness of Brazilian and Mexican politicians to borrow abroad even when possessing small or non-existent trade surpluses clearly meant that trade alone could not service the debts. Even Brazil's merchants and bankers, despite healthy commercial surpluses, shipped far more money out of the country than trade brought in.³⁰ The only means of assuring that their foreign drafts did not bounce was either to borrow more, which they did, or attract foreign risk capital. The imperial state was certainly not anti-capitalist since it so depended upon the international economy for its lifeblood. Urban merchants were given free reins to conduct business. This liberal policy was an elegant solution for a state that could not assert its will in the countryside, but did not need to because those distant planters were exporters whose goods could be taxed at the ports.

To the Englishmen on whom it depended, the imperial state showed its liberal face. Not only did it follow free trade and orthodox monetary policies, it recognised property as individual held in fee simple. There was no communal property, and the state did not arbitrarily seize or tax property, nor did it force loans as was common in Mexico for many decades. The same laws applied to all free men, no corporate privileges applied even to the aristocracy nor Jim Crow laws to people of colour. This was a legal system in which Europeans felt comfortable (unlike in Asia, Africa or even Mexico for much of the century). State monopolies remained only in unimportant areas such as Brazilwood. Although the state maintained its control over mineral rights, these were easily leased out to private and often foreign companies. The few state enterprises of note that existed were mixed enterprises that were intended to serve the private sector. They were limited to the outward-looking face of Brazil. In particular, state enterprises, which only began after mid-century, concentrated on developing and subsidising the export economy through railroads, shipping and banks. The mixed enterprise Banco do Brasil has been the largest bank in the country for most of the time since the 1850s. The state also owned and operated over one-third of the largest railroad network in Latin America by 1890 and had important interests in a number of private lines as well.

The empire was able to finance the growing infrastructure because Brazil sustained an enviable credit rating, burgeoning trade and, after mid-century, substantial amounts of foreign capital. Foreign, largely British, capital rose from

³⁰ Castro Carreira's figures in *História Financeira*, vol. 2, pp. 738–41 imply that Brazil sent to Europe some US\$20 million a year between 1880–88 in excess of export earnings. Although this was only about four per cent of GNP, it was one-fifth of exports.

some £40 million at mid-century to over £100 million in 1889. Very few countries in the world received so much European capital at that point.

Yet why did so many Brazilian liberals criticise the empire for opposing private enterprise, for dampening the spirit of enterprise, for being backward and tradition-bound? The trouble was not so much precapitalist bureaucrats as the other face of Brazil. Internally, the state was never successful in effecting the non-market preconditions of the market. Yes, money was reliable, prices stable, the exchange rate steady, property respected by the state. But in the countryside this was far from a bourgeois regime of rule of law. The state barely trespassed onto the plantation. In the interior clan force and influence not capital and entrepreneurship dictated success.

In contrast to Mexico, where the state successfully titled and sold communal and Church lands after the middle of the century, land in Brazil was not a commodity. The vast majority of Brazil's vast virgin lands officially belonged to the state, but they were never surveyed nor did the state have means of controlling access to them. Efforts to do so began during the last years of the colonial period but came to nothing. At Independence state land grants, *sesmarias*, were abolished by the landlord-dominated parliament and no other means of distributing land was legislated for 27 years. Even the 1850 law, intended to reassert the state's control over the countryside in order to attract European immigrants and raise funds through land sales, failed miserably. The planter elite preferred uncertain boundaries which enabled the landlords to employ their own private armies and local political influence to seize adjoining territory. For this reason, until the early 1880s slaves rather than real estate secured loans, and personal relationships were fundamental for business transactions. The expansion of Brazilian agriculture more resembled military campaigns against indigenous and neo-European people than bourgeois market decisions. This was, in its truest sense, frontier-society primitive accumulation.³¹ Only gradually was land commodified; surveys and titles were more a consequence of a flourishing export sector and an imposition of the financial sector than creations of the state.

Not only land titles remained vague. Weights, measures and time conventions, as Witold Kula points out, have historically been 'an attribute of authority', indeed a key dimension of sovereignty.³² Yet the greatest chaos existed in Brazil's interior, and even in the ports only foreign merchants were able to standardise practices. The metric system took two decades legally to implement and provoked revolts and much resistance for decades more.³³

³¹ Warren Dean, *With Broadax and Firebrand: The Destruction of the Brazilian Atlantic Forest* (Berkeley, 1995), pp. 146–51; Emilia Viotti da Costa, *The Brazilian Empire, Myths and Realities* (Chicago, 1985).

³² Witold Kula, *Measures and Men*, trans. by R. Szyreter (Princeton, 1986), p. 18.

³³ Laerne, *Brazil and Java*, pp. 208, 209; Ridings, *Business Interest Groups*, pp. 296–7; Roderick Barman, 'The Brazilian Peasantry Reexamined: The Implications of the Quebra-Quilo Revolt, 1874–1875', *Hispanic American Historical Review*, vol. 57 (Aug. 1977), pp. 401–24.

For landlords the uncertainty of titles had some obvious disadvantages. Land markets were slow to develop, mortgages were few, and land prices remained low. On the average *fazenda*, land constituted a minor part of total assets. But this system that hindered the creation of bourgeois relations and a farmer class in the interior was not inconvenient for powerful landlords. Virgin land, which was plentiful in the dynamic south-east and was rapaciously worked and then abandoned after 30 years, was not a patrimony, nor the collateral for loans. Technological demands were low, and coffee could be grown successfully on a small scale. Under these circumstances, the key for maintaining hierarchy and concentration of wealth was the control (not ownership) of land and labour and privileged access to credit. The credit system was based upon the personal reputations of individuals; credit could not be impersonal because laws prevented foreclosure on rural mortgages, so it was a man's — and occasionally a woman's — personal reputation, not their property that secured loans. Yet an individual's reputation was itself based upon clan power, political influence and number of slaves owned. Clans exerted much patrimonial power because the arbitrary political and judicial systems required the less influential squatters and hangers-on to have powerful landed protectors, and because of a labour system based on slavery that made the owners' word law. Economic and political power were intertwined. The (incorrect) perception of the imperial state's opposition to enterprise and corporations is best explained by the intransigence of planters who feared losing their clan power rather than by the precapitalist mentality of the state's bureaucrats. This was not a tradition-bound precapitalist state fighting against the bourgeoisie, but rather a liberal state with too few bourgeois allies and hence reliant on the disbursal of patronage.

Ironically, the opposition to the monarchy complained not of an impotent state, but — unlike anywhere else in Latin America — of an excessively powerful state: it was too centralised; the bureaucracy was too large and expensive; and policy shackled capital markets while hindering entrepreneurship. To be sure, there was some truth in their analysis. The imperial state was the most centralised in Latin America aside from Paraguay. In the fiscal realm, most important tax sources were reserved to the central government as were most important powers. The provinces and municipalities combined often earned less than one-quarter of the income of the central government and the Church was impoverished.³⁴

Critics of the imperial state also inveighed against the treasury's presence in capital markets. The only bank in the country from 1808 until it folded in 1829 was the state-dominated Banco do Brasil. The treasury continued to play an important role in capital markets after the Banco do Brasil closed. Government bonds were one of the few safe investments in Brazil in the first half of the century.³⁵ In Mexico and the rest of Spanish America, land and mines were much

³⁴ F.J. Santa-Anna Nery, *Le Bresil en 1889* (Paris, 1889), p. 450.

³⁵ Carreira, *História Financeira* p. 742; Manuel Carlos Pelaez and Wilson Suzigán, *História monetária do Brasil* (Rio de Janeiro, 1976), p. 82.

more attractive to capitalists than government bonds, reducing the state's access to capital. The banking system was much slower to develop in Mexico and to a greater extent remained under the control of private oligarchical groups.³⁶

A Brazilian banking law was passed as part of a greater expansion of state activity after 1850 aimed at fostering the growth of the private sector and helping finance the expansion of state capacity. The date is significant because it reveals the overwhelming importance of slavery for the Brazilian social formation. When the Atlantic slave trade was finally ended in 1850 (and while coffee exports had slumped for more than a decade) the state attempted to initiate far-reaching reforms to aid the now inevitable transition to free labour. To encourage European immigration it passed a land law and established an agency to register titles, planned the first national census and created a civil registry of births and deaths. To foster business, it authorised a new private Banco do Brasil and passed a commercial code.³⁷ The state attempted not only to institutionalise, secularise and standardise the economy (in 1852 the first effort to institute the metric system was passed) but also to strengthen the hand of private enterprise. The commercial code empowered commercial associations to establish standard business practices in each commercial centre and form commercial courts. This collation of business laws and practices was years ahead of British jurisprudence and certainly ahead of Mexico.³⁸ However, Brazil was not yet ready for this state-led move towards more capitalist relations and institutionalised rule. Planter patriarchal power was still too strong. Most of the reforms would have to wait almost four more decades to be put into practice when the economy had brought more bourgeois practices.

The crown was, nevertheless, able to increase its economic role, which would unwittingly undermine the colonial pact that sustained the hollow state. Relative internal peace after the middle of the century meant that the crown could turn its attention and its resources more to economic matters. Real per capita expenditures

³⁶ Carlos Marichal, 'El nacimiento de la banca mexicana en el contexto latino-americano: problemas de periodización', in Leonor Ludlow and Carlos Marichal (eds.), *Banca y poder en México*, pp. 231–66; and Marichal, 'Obstacles to Capital Markets in Mexico', in Haber (ed.), *Why Latin America Fell Behind*, pp. 118–45. Stephen Haber, 'Financial Markets and Industrial Development', in *Why Latin America Fell Behind*, pp. 146–78; Steven Topik, 'Brazil's Bourgeois Revolution?' and 'Introduction' to *The Americas*, vol. XLVIII, no. 2 (Oct. 1991), pp. 131–8 and 245–71.

³⁷ Barman, *Forging of a Nation*, pp. 235–6.

³⁸ Laerne, *Brazil and Java*, p. 208; Eugene Ridings, *Business Interest Groups in Nineteenth Century Brazil* (Cambridge, 1994), pp. 286–8; and Eugene Ridings, 'Business Organizations in Nineteenth Century Brazil and England: Some Preliminary Comparisons', paper presented at 'The Brazilian State and Business' Anglo-Brazilian Business History Conference, Business Research Unit of the London School of Economics, 10 March 1995.

tripled between the 1840s and the 1880s and total central government outlays grew by nearly 500 per cent. Consequently, total real central government expenditures for economic development multiplied twenty-fold between mid-century and the end of the empire so its penetration of society grew.³⁹ The state was able to expand outlays not so much because it had intensified its political hegemony nationally (the empire's overthrow in 1889 demonstrated its weak basis of support), as because the economy thrived after mid-century. Brazil was able to take advantage of an unprecedented boom in the world economy which saw a 260 per cent growth in international trade between 1850 and 1870. The country's coffee exports alone multiplied six-fold between the 1840s and the 1880s, and rubber became a very important commodity. Brazil was similarly able to reap the benefits of the great growth of European overseas investments.

Politicians undertook important measures in the empire's last years to develop a capitalist society because of changes in the world economy. They succeeded in abolishing slavery gradually, first ending the slave traffic in 1850; then the law of the free womb in 1871 declared slave children free; the Septuagenarian Law of 1884 emancipated slaves over the age of 60; and finally, on 13 May 1888, all forms of slavery were abolished. The Brazilian state, lord of the largest slave society the world had known, had over four decades succeeded in emancipation without compensating the owners and without provoking the civil wars that bloodied and fragmented the states in Cuba, Haiti and the United States. This reflected both the development of the state's relative autonomy from the slavocrats *and* the dependence of the Brazilian social formation on the international context. Europeans had first transported Africans to tropical America; their opposition had first doomed the Atlantic slave trade and then the slave system itself. Even Brazilian *fazendeiros* had to accept this reality.⁴⁰

State aid helped smooth the transition to free labour. To replace slaves, the state of São Paulo, and then after 1889 the federal government, attracted more European immigrants than any other Latin American country save Argentina. Brazil became the only country in the world to convince millions of southern Europeans to work on large semi-tropical plantations. Clearly, many Europeans thought well enough of Brazil not only to lend its state money, but to make it their home. As a result, coffee export statistics did not skip a beat with emancipation. Indeed, coffee enjoyed its greatest prosperity precisely in the late 1880s

³⁹ José Murilo de Carvalho, 'Elite and State Building in Imperial Brazil', PhD diss. (Stanford University, 1974), pp. 578, 580-1; Nathaniel Leff, 'Government and the Economic Development of Nineteenth-Century Brazil', Columbia University of Graduate School of Business, Research Working Paper, no. 179A, p. 12.

⁴⁰ Robert Slenes, Pedro Carvalho de Melo and Rebecca Scott have demonstrated that slavery's demise was politically instigated; it was still a dynamic and profitable economic system in its last years.

and early 1890s. Brazil was still coffee — it was alone responsible for three-quarters of the explosive growth of world coffee production in the nineteenth century — but as the saying went, coffee was no longer the Negro slave.

At the same time that parliament made all Brazilians free, it also began to tie the country together into a nation. It initiated a national railroad system that was the largest in Latin America and one of the largest in the developing world (greater than the systems in either China or all of Africa), and strung up thousands of kilometres of telegraph lines. Unlike in Mexico, where the railroads were foreign-owned and mostly extensions of US lines, the railroads in Brazil connected major port cities or entrepôts with their spreading hinterlands and many of the most important lines were financed by Brazilian private and public capital.⁴¹ Trains facilitated the rapid marshalling of federal troops to quell revolts but, as Porfirio Díaz discovered, trains ran both ways and could be appropriated by rebels. Also, many of the revolts occurred in areas distant from tracks, such as Canudos in the interior of Bahia or Quintana Roo, Yucatán. The main contribution of the railroad to state-building was less the rapid transporting of the forces of repression, than pushing the growth of internal commodity and labour markets and advancing communications.

The foreign connection allowed the Brazilian state to invest in infrastructure. The treasury tapped capital markets by borrowing as well as through taxation. Despite a large jump in revenues, the Rio treasury experienced 36 deficits in 40 years because of the growth of state activity and because planters refused to allow an adequate modification of the taxation system. They preferred to be the state's creditors by holding treasury bonds to being its debtors as taxpayers. Thus, the treasury had to continuously borrow, mostly at home. Between 1850 and 1885 the internal debt grew twice as fast as the external debt, which it far outweighed. The result was a sevenfold swelling of the public debt between mid-century and the end of the empire. In contracting it, the treasury secured a large portion of the country's capital. The consolidated internal debt in 1889 was fully 75 per cent more than all of the deposits in all of the banks in the country. Until the last year of the empire, the majority of stocks and bonds traded on the Rio Bourse were treasury bonds.⁴² This reflected the success of the empire's orthodox monetary policy that allowed inconvertible currency to reach par in 1888 because there was general faith in the treasury's probity. In

⁴¹ Sandra Kuntz Ficker, *Empresa extranjera y mercado interno: el Ferrocarril Central Mexicano, 1880–1907* (Mexico City, 1995); Sandra Kuntz Ficker (ed.), *Ferrocarriles y vida económica en México, 1850–1950* (Mexico City, 1996), and Paolo Riguzzi and Steven Topik, *The Political Economy of the Brazilian State* (Austin, 1989).

⁴² Calculated from APEC, *A Economia Brasileira*, vol. 13 (Rio de Janeiro, 1974), p. 20; Manuel Carlos Pelaez and Wilson Suzigan, *História monetária do Brasil* (Rio de Janeiro, 1976), p. 449; 'Ato da Seção do Conselho de Estado', Rio de Janeiro, 12 March 1885 in Instituto Histórico e Geográfico Brasileiro, *Coleção Instituto Histórico* Pasta 55, lata 545.

Brazil, unlike Mexico or the rest of Latin America, capitalists preferred to invest in government bonds than in land reflecting the institutionalisation of the urban economy and the limited reach of the state's protection of property rights in the countryside. Much, perhaps the majority, of the treasury milreis-denominated bonds were purchased by foreign merchants resident in Brazil. Rather than repatriate profits, they reinvested a significant share in Brazil because they trusted the currency and the government's respect of property.

The central government's deficits led it to borrow foreign exchange abroad as well. The foreign debt grew 400 per cent between 1850 and the end of the empire. The need to finance the debt explains a good deal of the restrictive nature of the financial policy that was criticised.

Brazil's greater statism was not, however, a sign of the state's overpowering of private initiative, of its continuation of the Portuguese patrimonial tradition as principal merchant and lender. The state was relatively poor and its economic resources limited. State enterprises were limited to the Dom Pedro Segundo railroad and some smaller lines and the domestic telegraph system. The state did not directly intercede in the accumulation process. Land and labour were left to market forces or private coercion. Despite considerable bureaucratic support for the end of slavery, introduction of European immigrants, land reform and industrial promotion, such actions were only taken when international pressures made them inevitable.

The Brazilian state's presence as an economic regulator and actor was felt most acutely in the most capitalistic sector. In order to protect the international value of the currency and the treasury's credit it had to interfere in commercial laws, the money supply and international commerce. These actions were not taken so much as signs of obeisance to the traditionalist landed class (many of whom were in fact also merchants and stock investors) as efforts to guarantee the continued functioning of the export economy. The Brazilian state always had one eye on the interior and one on the City of London.

Conclusion

Ironically, the imperial state was overthrown in 1889 for being too strong and too centralised. The growing dissatisfaction with Dom Pedro II's regime centred on liberals who believed that their party and principles had been subordinated to the conservatives ever since the Paraguayan War (1865–70). Since politics and economics were closely linked in the empire's patronage system, contempt for centralised conservative rule soon found its way into criticism of economic policy. The attacks were phrased in economically liberal language. Protégés of the liberals began measuring Brazilian economic policy by the standards of the increasingly liberal British, and found their own wanting. The most famous Brazilian entrepreneur of the nineteenth century, the viscount of Mauá, began denouncing state economic actions as 'undue government intervention' when

he fell out of favour after decades of being a principal beneficiary of them.⁴³ The rise of economic liberalism in Brazil resembled the Mexican experience, although in neither case were these close imitations of European liberalism. They recognised that state interventionism was necessary because of the superiority of European state power and capital and the under-formed markets of the New World. As Richard Weiner has pointed out, liberals in Mexico were quite suspicious of market forces. This was also true of Brazil.⁴⁴

Europeans did not greet the fall of the house of Bragança as a triumph of modern capitalism and democracy. They feared that Brazil would revert to a Spanish American caudillo-style system ruled by rural warlords. It had been the monarchy that maintained a veneer of European civilisation over this tropical land; once it was removed the state would crumble. José Murilo de Carvalho has eloquently stated this position in his discussion of the 'dialectic of ambiguity', the heterodox hybrid of European monarchy and New World slavery. Referring to Clifford Geertz's study of *Negara*, Carvalho characterises the imperial regime as 'theatre'.

The imperial system is characterised [by Joaquim Nabuco] as a trick of appearances, of false realities, of fiction. The theatrical metaphor is tied to a metaphor of shadows. The government would be the shadow of slavery ... imperial politics would be shadow boxing ... Nabuco's apparent paradox follows in that imperial power, the shadow of slavery, was a giant phantasmagoria, but only it was able to abolish slavery. Nonetheless, in abolishing slavery, as Nabuco had foreseen and Cotegipe as well, the king broke the spell that sustained the entire system.⁴⁵

Conventional wisdom holds that the demise of the empire brought the deterioration of the Brazilian state as if the monarchy alone had papered over the contradictions of the Brazilian social formation, using smoke and mirrors to project a much stronger state than actually existed. As the country came out of its spell, as the wizard was revealed as simply a small-town charlatan, the true, almost ungovernable Brazil and the hollow state came into view. According to this interpretation, the agrarian-based *coronelismo* of the First Republic, founded on a strange mix of patriarchy and laissez faire, represented the take-over of the real Brazil. This is the opposite trajectory of Mexico, which at the same time was treading its way through minefields of civil wars, invasions and local revolts to regain its international standing and patch together a muscular national state. Porfirio Díaz reassembled the state and asserted its authority.

⁴³ Irineo Evangelista de Sousa, Visconde de Mauá, *Autobiografia* (Rio de Janeiro, 1942), p. 235.

⁴⁴ Richard Weiner, 'Battle for Survival: Porfirian Views of the International Marketplace', *Journal of Latin American Studies*; vol. 32, no. 3 (Oct. 2000), pp. 645–70. Steven Topik, 'La Revolución, el estado y el desarrollo económico en México,' *História Mexicana*, vol. XL, no. 1 (1990), pp. 79–144.

⁴⁵ Carvalho, *Construção da ordem, Teatro de Sombras*, pp. 387–8.

Neither of these views is entirely convincing. In fact, as I have argued elsewhere, Brazil's republican state was fairly strong and well articulated. Victor Nunes Leal has pointed out how *coronelismo* continued after the abolition of slavery to link symbiotically the notable families of the interior with the cosmopolitan coastal elite and government bureaucrats.⁴⁶ State capacity and penetration grew as private Brazil became incorporated into public functions. Foreign trade, investment and state revenues all continued to grow.⁴⁷ Although republican leaders pretended to respect provincial leaders, they actually exercised greater authority than had the emperor, though they did it with less splendour.⁴⁸ They maintained sufficient sovereignty to nationalise much of the railroad and intervene in one of the world's most important commodity markets: coffee. The empire had, in fact, been built on a solid foundation. Not only did the emperor and slavery sustain the system, but, equally importantly, the foreign umbilical cord nourished the regime. Without the monarchy and slavery, the regime fell, but the state and nation both remained strong and continued to grow stronger. While establishing sovereignty early on because of foreign recognition and support; precluding the need to extract resources from planters in the interior by mounting a large bureaucracy and army, the official Brazil of the court came increasingly to penetrate the real Brazil of the interior. This was theatre based not only on imagination but on transformation.

⁴⁶ Topik, *The Political Economy of the Brazilian State*; Victor Nunes Leal, *Coronelismo, voto e enxada* (São Paulo, 1975). Also see Paul Cammack, 'Brazil: Old Politics, New Forces', *New Left Review*, vol. 190 (Nov./Dec. 1991), pp. 21–58.

⁴⁷ Joseph Love, 'Federalismo y regionalismo en Brasil, 1889–1937', in *Federalismos latinoamericanos: México, Brasil, Argentina* (Mexico City, 1993), pp. 213–19.

⁴⁸ Topik, *The Political Economy of the Brazilian State*. For a different view see Victor Nunes Leal.