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Nineteenth-Century Chile: A Case Study
Subordination, the Class Process, and the Relative Autonomy of States
by Charles Pregger-Román

The purpose of this article is to explore the extent to which a state may achieve relative autonomy under conditions of subordination to an external power. It deals with three variables and attempts to trace their relationship in the context of Chile's nineteenth-century historical experience. But before analyzing their interplay in Chile, it is necessary to briefly discuss them from a theoretical point of view.

Subordination is the first variable. It includes three basic forms of exogenous control and their combinations and mutations. Imperialism is the most recent and is understood from the Leninist perspective as the highest stage of capitalist development (Lenin, 1940). It is the period during which finance capital comes to dominate the economy of the advanced industrial state, superseding industrial capital. It is also the period during which the profit rate in the advanced industrial state begins to decline, leading to an export of capital. The result is a decline in the rate of expansion of the productive forces within the imperial state and the subordination of less industrial social formations to it (Lenin, 1940: chap. 8). But as Marx (1977: 915) pointed out, and as Lenin clearly understood, imperialism did not come on the world scene as a fully developed and mature phenomenon but, rather, developed from precapitalist colonial and mercantile forms which accompanied the earlier development of capitalism.¹

Social formations subjected to modern imperialist domination have, in the past, generally been subjected to older forms of exogenous domination, such as mercantilism or colonialism. This domination has distorted, or conditioned, the internal development of classes and class factions. The class process, then, must be seen as a variable. The term “class process” indicates that both inter- and intraclass relations are not fixed. All relations of domi-

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nation and subordination are in a constant state of change. That is, class relations are created and constantly recreated in response to alterations in the mode of production, either major or minor (Gordon, Edwards, and Reich, 1982: 9-13). Thus the term “capitalist class process” refers to some groups becoming bourgeois and, concomitantly, others becoming proletarian, and the continuous unfolding of the relationship between these two primary classes and other groups that continue to exist, such as the peasantry or their precapitalist overlords, or others which are called into existence, such as the middle classes.

That the relationship is based on the antagonistic and diametrically opposed interests of the two primary classes is clear, but that is not to say that the relationship is always based on overt class struggle. The presence of class struggle implies that the subordinate class recognizes its own interests on some level and that it has the opportunity and the political will to act on those interests. Its presence also implies that the ideology of the dominant class has lost its position of hegemony over at least some factions of the subordinate class and that at least these factions have overcome both their fatalism and their inertia (Piven and Cloward, 1977: chap. 1). It may imply the formation of a revolutionary ideology (Váldez, 1975: 3). None of these conditions automatically accompany domination and subordination and, in fact, have been relatively rare.

But class struggle does occur under some circumstances and requires a response from the dominant class and the state that represents it. The effectiveness of working-class struggle and of the response to it is determined by many factors, among them the relative autonomy of the state. The autonomous state plays a dual role both of encouraging overt working-class resistance (overt class struggle) and of limiting its potential for overthrowing the state (Piven and Cloward, 1977: chap. 1). By relative autonomy I mean the extent to which the state can maneuver within the political realm in support of a generalized dominant class interest that it defines, while remaining somewhat independent of the dominant class or specific factions of it. In general terms, the extent to which the state can carve out and define a position of autonomy depends on the cohesion of the dominant class that it represents. The greater the cohesion, the less the autonomy; the more highly and deeply fractionalized, the greater the state’s autonomy. Thus, during periods of crisis when dominant classes are most likely to fractionalize, the state is likely to have more latitude, more autonomy, than at other times. “The most open moments . . . are those at which a mode of production reaches its limits of growth and a new mode of production must soon be adopted” (Harris, 1977: 291). At all times, the autonomy of the state varies as a function of the fractionalization of the dominant class. This fractionalization is, in subordi-
nate nations, a function of the relationship between local dominant classes and the representatives of the exogenous dominant power. Thus metropolitan elites contribute to the extent of autonomy that subordinate states can exercise, usually limiting that autonomy.

OVERVIEW OF CHILEAN CLASS PROCESS

In applying these generalizations to Chile, I will focus on three periods of crisis, namely, the period of independence, the rebellions of the 1850s, and the revolution of 1891. But it is necessary first to present a more generalized view of the development of both Chile’s subordination and its class process during the nineteenth century.

Chile entered the nineteenth century and achieved political independence with a predominantly precapitalist social structure dominated by a landed oligarchy in close association with a mercantile commercial class. But it also contained a mining and an agrocommercial bourgeoisie. Between 1830 and 1870, the dominant precapitalist faction was transformed into a capitalist configuration but retained many elements of precapitalist social structure, since their transformation was not the result of the collapse of the precapitalist mode of production but was imposed on them by the Chilean bourgeoisie, on one hand, and by representatives of Britain’s informal empire, on the other (Pregger-Román, 1983: 44-50).

The resulting dominant class has been described as a bourgeois-traditional ruling class. It was bourgeois in that the accumulation of capital, rather than conspicuous consumption and status gratification, became the overriding goal and was based increasingly on the exploitation of wage labor. It was traditional in that the bourgeoisie continued to exercise its hegemony through paternalism, the noblesse oblige of the previous social configuration (Petras, 1970: 79; Pike, 1973: 11-14).

The idea of a differential transformation of dominant class factions is implicit in this formulation. Specifically, Chile’s southern agricultural faction was transformed into a bourgeoisie at a slower rate than the mine-owning faction of the North, though more rapidly than the landed oligarchy and merchant faction of the Central Valley. Hacendados of the central region retained precapitalist relations of production into the 1860s and beyond. The more rapid integration of the North and the South into Britain’s informal empire of trade and investment, as well as chronic labor shortages in both regions, created the need to modernize and rationalize production and led to the more rapid alteration of precapitalist relations of production.
This class process created tensions between the factions of the dominant class which were manifested in a struggle for control of the state as the increasingly bourgeois factions of the North and the South unsuccessfully challenged their precapitalist contemporaries over access to political power during the decade of the 1850s. This struggle was resolved between 1850 and 1870 as the central region became increasingly tied to the emerging British commercial and financial empire in Chile and as the Central Valley’s dominant faction became increasingly integrated into the mining and agrocommercial bourgeoisie.

The results were the emergence of a dominant class and a state that were tied to the British commercial empire and the continued development of underdevelopment. By the last third of the century, this structure was beginning to generate a new class faction, an industrial bourgeoisie, which had not yet become a “class for itself” but joined other, older class factions attempting to achieve state power. This alliance was held in check by the balance of class forces which continued to dominate the state. The copper mine owners, some sectors of the agrocommercial elite, and the industrial bourgeoisie were able to gain control of part of the state apparatus in 1886 and attempted to manipulate state power in such a way as to challenge the interests of imperialism and its representatives within the local elite. In short, these more advanced class factions attempted to increase the autonomy of the state, vis-à-vis imperialism, and to use it in ways that imperialists and their local allies considered antithetical to their own interests. This attempt was defeated in 1891 as imperialists and their local supporters staged a rebellion that overthrew and reshaped the state.

The impact of the imperialist state is a function of differences in the forces of production between itself and the subordinate region. The early stages of the colonial period saw some changes in the relations of production (generally speaking, an intensification of exploitation) as a result of Spain’s technological superiority vis-à-vis aboriginal cultures, in a few key areas (the wheel and gunpowder, for example). The fact that there was relatively little change in the relations of production in the most advanced areas of Indian America demonstrates the relative similarity between Spanish and Indian technology. Once the initial changes were in place, both the relations and forces of production became very stable, although there were some changes, as in the mining economy which gradually came to rely on wage labor (Vitale, 1971, 3: 146-149; Brading, 1971: 146-149).

Political independence had very little effect on the class structure of Chile and, in fact, was designed primarily to make Chile’s relationship with the world economy more efficient. Direct lines of commerce were established between Chile and Britain, but the precapitalist relations of production were
sufficient to produce what was needed for that trade, and no new technology was introduced to affect the class process.

Gradually, however, as Britain’s industrialism advanced, the British demand for the products of Chile’s mines and farms grew. Chilean and British entrepreneurs began investing in more modern transportation facilities and, later, in more modern productive equipment. The resulting alterations in the forces of production increased the demand for labor and accelerated the development of capitalist relations of production even in sectors of the economy that were not technologically altered.

THE INDEPENDENCE MOVEMENT

On one hand, Chilean independence was the result of the development of a series of contradictions during the colonial period, and on the other, it was the result of the collapse of the Bourbon state in Spain. The Bourbon dynasty, which ascended to the Spanish throne in 1700 as a result of the War of the Spanish Succession, sought to reform and revitalize the Hapsburg structure of domination (Vicens Vives, 1972; Floyd, 1966). By attempting to improve the efficiency of the colonial/mercantile system, the Bourbon reforms sharpened the class antagonisms between Chile’s dominant class factions internally and, more important, vis-à-vis Peru’s also fractionalized dominant class, which was in direct control of Chile’s economy and polity.

The Bourbon reforms altered not only the administrative structure of the empire by removing creoles (Europeans born in America) from positions of power and making government more efficient but also the economic structure (Vicens Vives, 1972; Floyd, 1966). Some commercial restrictions were lifted. Chileans were given direct access to all parts of the empire and found that the more open trade both increased the demand for their commodities and reduced the prices of goods imported from other regions (Haring, 1947: 314-325; Villalobos, 1968: 92-94). These alterations in the colonial system had both positive and negative effects on Chile’s dominant class. The stimulation of trade was certainly viewed with pleasure by consumers, while merchants were ruined. Further, increased political efficiency resulted in higher taxes and better enforcement, while at the same time reducing their level of political participation (Villalobos, 1968: 98-104; Burkholder, 1972: 408). The Bourbon reforms, then, created a series of contradictions that were at the roots of the independence movement. Primary among them was the fact that the creole elite dominated all sources of wealth and were dominant socially, while political power was dominated by Spaniards. All other contradictions and conflicts flowed from that basic one (Vitale, 1971, 3: 157).
But these contradictions had not matured to the point that they would have generated rebellion on their own. The outburst of separatism was also the result of the collapse of the Bourbon dynasty in Spain itself, as Napoleon invaded the peninsula and placed his brother on the Spanish throne.

The fact that this movement originated first on the periphery of the empire (in Caracas, Buenos Aires, Santiago, and other cities) is a result of the fact that these areas were, first, more autonomous as political entities than were the centers of the empire. Second, they were more affected by the disadvantages of the Bourbon system, more highly exploited by it than were the centers of the empire which were more highly integrated, and more highly favored than the periphery. Chile’s isolation resulted in both greater harm to, and cohesion among, the factions of its dominant class, all of which stood to gain from independence. The North and the South, already heavily involved in commerce, stood to gain increased access to markets, as did the merchant faction. The Central Valley oligarchy, which dominated the Santiago Cabildo, or town council, the only part of the state dominated by creoles, stood to gain increased power and also hoped to participate more fully in commerce through greater access to imported goods at lower prices. The first acts of the Cabildo Abierto, which assumed control of Chile with the fall of the Bourbon dynasty in Spain, was to open the ports of Chile to foreign commerce. The factions of Chile’s dominant class united around the question of independence.

The separatist movement thus resolved the contradictions inherent in the colonial system. The split between economic and political power imposed by Spain was resolved as was the international contradiction of juridical dependence on Spain but actual dependence on British manufactured goods and markets. Since in the imperial framework it was said that “Spain kept the cow, and England drank the milk,” independence merely eliminated the middleman from the flow of international trade. This is what led Lord Canning to observe in 1822: “Spanish America is free, and if we do not mishandle our affairs, she is British.” Thus the separatist movement resolved the question of home rule but not the question of who should rule at home.

The transition was not smooth. The construction of a ruling class out of the economically dominant colonial creole class involved internal factional struggles for domination. The distinct interests of the factions of the dominant class caused them to split over the question of who should rule at home, over which faction would control the state. These divisions followed geographic lines as the grain-exporting South and the mineral-producing North found the machinery of the state—the customs house, revenues, government posts, and so on—controlled by an alliance of the Central Valley oligarchy and the merchant faction centered in Valparaíso, the nation’s major port. The periph-
eral factions also found that the benefits of the state machinery were not used for their benefit but exclusively to the benefit of the central region (Zeitlin, 1984: 40-41).

These divisions were exacerbated by the transformation of the system of domination, which affected the three dominant class factions at different rates. Not only did Britain replace Spain as the metropolis but, more important, the old comprador metropolis was replaced by an emerging industrial metropolis, with dramatic consequences for both the Chilean class process and its economic evolution.

The success of the independence movement allowed the Chilean dominant class to attain political power, but the price, even though trade was liberalized further, was a period of economic decline. The war of independence disrupted both agriculture and mining while at the same time destroying commerce. The period from 1810 to 1830 was chaotic not only in a political sense but economically. Old, familiar trading patterns were disrupted, mines and farms fell into disuse, commercial rivalries were exacerbated, the new nation fell into debt to foreign banks, and Chilean merchants and producers fell into debt to British creditors (USSD, August 4, 1830; FO 16/2, February 23, 1825).

Following the active military phase of the independence movement, Chile was governed by Bernardo O'Higgins (1817-1823) who, in alliance with San Martin, led the military movement that established independence. As Supreme Director, O'Higgins contributed to the successful movement to liberate Peru in order to protect the new Chilean state, but at home, he was unable to maintain the support of the new ruling class. The structure of the state, in fact, reflected the major divisions within that class, which during his six years in power further fractionalized. O'Higgins contributed to the split by attempting to rule in the interests of the dominant class while remaining aloof from it (Gajardo, 1948: 69-70). In other words, he attempted to create an autonomous state. But he went too far, thus antagonizing all of its factions. Specifically, he attacked the church, imprisoning priests and exiling the Bishop of Santiago; he alienated the Central Valley hacendados by attacking primogeniture and entail; he exacted forced loans from all sectors, but especially those who owned liquid assets (i.e., those involved in commerce); and he challenged the autonomy of the two provinces on the periphery: Concepción in the South and Coquimbo in the North. His membership in the secret Lautarian Lodge and his close association with San Martín and the Argentine scheme of continental liberation were perceived as further threats to Chilean interests by the dominant class factions (Kinsbruner, 1973: 50-51). Taken together, these factors explain his fall. The vacuum of power thus created further exacerbated the class factional struggle over the state.
The period between 1823 and 1830 saw the factional divisions within the dominant class manifested in open confrontations. The bourgeois factions of the North and South sought to strengthen regional autonomy through a federal system, while the hacendado-merchant alliance of the Central Valley sought to expand its control at the expense of the outlying provinces through a highly centralized structure that it could manipulate in the service of its own interests. The British Consul at Valparaíso accurately described the divisions when he wrote:

There has always existed much jealous emotion between Concepción and Santiago but now Concepción felt this to a ten-fold degree from comparison of her own misery with the daily increasing prosperity of her rival. A circumstance which she attributes not to the demand for produce . . . and free commerce but to the steady influx of her own capital and population drawn northward by ungenerous and selfish denial of succor on the part of Santiago. . . . During the struggle with Spain the general benefit united all parties; self-interest separated them after the victory. . . . The question as to the expediency of a federal or unitary form of government has led . . . to many disorders and much divided the country. Each state desires to be independent and dispose for local purposes of the national revenue collected within its territory (FO 16/11, December 30, 1829).

Since each province maintained its own militia, each faction of the dominant class possessed the means to resort to open conflict—and did so. On April 17, 1830, the armies of Concepción and Santiago met at Lircay, where the Central Valley faction emerged victorious (Loveman, 1979: 132).

The leaders of the Central Valley alliance imposed a unitary political structure on the nation, but at the same time attempted to placate the military leaders of the periphery by bringing them into the government. This made it possible to temporarily “nationalize” the military, and bring it firmly into the state as a subordinate special interest, but the dominant class factions of the North and South were excluded. First merchants and then Central Valley hacendados dominated the state (Kinsbruner, 1973: 60-66). But the political stability that was imposed made a revival of agriculture, mining, and commerce possible, although it did not eliminate the factional divisions within the dominant class which festered below the surface. The importance of these divisions was further reduced as the Central Valley alliance sought to expand commerce and, therefore, encourage the mining and agrocommercial sectors at the expense of Peru and Bolivia. The 1836-1839 war, waged ostensibly to prevent the unification of Chile’s northern neighbors, was commercial war aimed at protecting Chile’s expanding commerce (Burr, 1974: 33-44). As such, it was, like the anticolonial separatist movement, in the interests of all
of the dominant class factions and brought them together, at least temporarily. But the very expansion of commerce that the war guaranteed resulted in the intensification of interclass antagonisms and ushered in a period of renewed struggle over access to the state. It further opened the way for Britain's financial penetration and for the eventual reunification of the dominant class through alterations in the class process.

THE MID-CENTURY REBELLIONS

The period of British commercial penetration (1827-1850) saw commerce again regularized as British merchant houses and commission agents provided both a market for Chilean goods and a supply of European imports, especially after 1839. The Chilean economy became increasingly tied to the British commercial empire. In a long report to the Foreign Office, the British Consul observed that "with the exception of flour and tobacco from the United States and a very inconsiderable proportion of French goods, Great Britain and British India supply all of the wants of Chile in manufactured goods" (FO 16/2, March 17, 1825). Those imports, which the British Consul estimated at 5,150,000 pesos for the three years ending in 1825, accounted for 77 percent of all goods imported into Chile. In the same period, minerals accounted for about 58 percent of Chilean exports, two-thirds of which were copper and one-third precious metals. Agricultural products made up 42 percent of exports and were dominated by wheat. The balance of trade was decidedly negative, with Chileans importing 4,260,000 pesos more than they exported.

With the discovery, in 1832, of the rich Chañarcillo silver deposits in the Norte Chico around La Serena, mineral exports gained a dominant position which they never lost. Agriculture remained important, but minerals made up the bulk of exports. In 1834, the U.S. Consul at Valparaíso reported that in the previous year, Chile exported 2,340,017 pesos worth of minerals compared to 354,570 pesos of agricultural products. Of the minerals, silver accounted for 63 percent, while wheat made up 53 percent, by value, of the agricultural products (USSD, February 19, 1834). Clearly, by 1844, Chilean exports were dominated by mineral products produced by the Chilean mining faction (Chile [Razón], Ministry of the Interior, 1852), while Britain remained both the most important supplier of imports and Chile's biggest customer, a pattern that continued throughout the nineteenth century. Thus commerce was controlled by British merchants (Chile [Memoria], Ministry of the Interior, various years).
In addition, Britain quickly gained control of the transport trade, as Chile never developed a merchant marine or a shipbuilding industry which would have provided linkages to other areas of the economy (Vélez, 1963: 52-60; Hirshman, 1959). A large number of vessels were registered in Chile, a phenomenon explained by the British Consul at Concepción in the following terms:

A great proportion of the vessels in this return, although sailing under the flag of Chile, and cover of native owners, because foreign vessels may not carry on the coasting trade, are really British built, owned by British subjects, with masters and about one third the crew British seamen; and the capital invested in the trade itself belongs chiefly to British merchants, or arising from credit by them given (FO 16/18, June 30, 1832).

The coastal trade, which in 1844 was valued at 5,153,605 pesos, brought agricultural goods from the South and minerals from the North to the international market at Valparaíso, as well as supplying the rapidly expanding population of the North with foodstuffs. The North and South became linked through this trade, which had important social and political consequences (Chile [Resumen], Ministry of the Interior, 1901).

The activities of British commission houses led to the second stage of penetration, which I have termed financial. From the very beginning of their penetration into Chile, British merchants advanced credit to Chile’s producers of export goods, mine owners, wheat growers, and millers. In 1840, the British Consul at Valparaíso informed his superiors that six British merchant houses had filed suit against a “number of Chilean mine owners” in order to recover loans amounting to 700,000 pesos (FO 16/41, December 28, 1840). Chilean merchants as well tended to fall into debt. In 1848, the Consul observed that “the native merchant and retailer requires unfortunately a long credit, and it is seldom that his account with the importer is settled before he has disposed of his articles in retail” (FO 16/63, May 22, 1848). The point is that credit extended by British merchants added to the subordination of the Chilean economy. But the demands that were placed on that credit by the expanding economy could not be met by British merchants, whose resources were limited (Mayo, 1979: 297). Theses limitations created a scarcity of credit that led to rather harsh terms which included interest rates that never fell below 12 percent and a system of options which not only assured the commission merchants of access to goods but insulated them from the drastic fluctuations in the price of export goods by fixing the option price at the time the credit was extended (USSD, May 30, 1830; Pregger-Román, 1978: 76-81). In response, Chile’s exporting sectors began agitating for banking
reform. In 1850, such a reform was initiated in the form of a proposal submitted to congress to establish a national bank of issue.

At that time, both the executive and legislative branches of the government were dominated by Central Valley landowners, accompanied by a strong contingent of merchants. This was made possible by the fact that, although representation in congress was apportioned on the basis of population, representatives were not required to live in the department, or even the province, that they represented (Chile, Constitution, 1833). As a result, both Northerners and Southerners were grossly underrepresented in the congress as the ruling Conservative Party manipulated elections so as to exclude them. The cabinet ministers appointed by the president were drawn from the Center as well (Valencia Avaría, 1951; Chile [Patentes], Ministry of the Interior, 1863). But this political alliance broke down over the national bank project.

Antonio Arcos, a Chilean who had participated in the French Revolution of 1848 and who had conducted a successful banking business in France, was the author of the National Bank legislation, which received widespread support from the Central Valley hacendados, but, as the British Consul reported:

Mr. Arcos . . . has had to contend not only with the undisguised hostility of most of the foreign merchants of Valparaíso (who were at the same time naturally interested in keeping up the present high rate of interest and were fearful that the project of a national bank might lead to an abuse of paper money) but also with the Minister of Finance who, having predicted . . . the failure of Mr. Arcos' bank, did his utmost to render that failure a reality.... He [Arcos] has created a considerable party in the Chamber [of Deputies] by force of persuasion, of intrigue, and of wealth, and it is probable that his original proposal [will pass] (FO 16/68, April 28, 1850).

But the increased possibilities of commercial involvement promised by the construction of the railroad from Santiago to Valparaíso is enough to explain why Central Valley landowners would support a mechanism that would ensure them access to credit at better terms than those offered by the merchant community. They broke ranks with their merchant allies in congress and passed the measure, only to see it vetoed by the president, who, with aid from the commercial faction in congress, was able to sustain that veto.

Arcos then opened a private bank, but the commercial community brought suit against it, objecting to a provision in the enabling legislation that gave the bank the right to issue legal tender. The Supreme Court upheld their position, and the merchant community refused to accept the bank's paper in commercial transactions. The bank was forced to close (Frias Valenzuela,
1970: 60-62). The British-led commercial community had defended its credit monopoly.

This incident sharpened the factional antagonisms among the dominant class and became a cause célèbre in the election of 1850. At the same time, the impact of the revolutionary movements in Europe inspired liberals, especially Northerners and Southerners (i.e., the bourgeois elements) with new ideologies. The British Consul reported that “frank political clubs were organized, cheap scurrilous newspapers were printed, and revolutionary banquets were established in humble imitation of the socialists of France” (FO 16/69, November 23, 1850). A movement was launched to reform the constitution, and plots for revolution or presidential assassination were uncovered (FO 16/69, August 28, 1850).

Fearing violence more than they desired reform, the Central Valley faction closed ranks with their merchant allies around the candidacy of Manuel Montt, who had written the Supreme Court’s decision in the Arcos Bank case and was the hand-picked candidate of President Bulnes, who had vetoed the original banking legislation. Montt was opposed by General Cruz, commander of the southern army (FO 16/71, April 24, 1851):

Support for the opposition (led by Cruz) comes from the mine owners who find themselves in debt and therefore favor a national bank, and from Concepción, as many of the wheat farmers also owe large sums to the merchants of Valparaíso (FO 16/69, August 18, 1850).

Montt won the election, which was marked by fraud, bribery, and intimidation on both sides (FO 16/72, July 25, 1851). His victory was followed almost immediately by an open rebellion, as first Coquimbo and then Concepción rose to overthrow him and protect their regional interests, which were severely limited by their lack of access to the state and therefore their lack of control over the nation’s economic structure. The rebellion was crushed temporarily but broke out again in 1859 when the forces of the North and South were again defeated. Between 1850 and 1859, President Montt further provoked the northern and southern factions by sponsoring internal improvements only in the central region, improvements that were financed through export revenues originating in the North and South. At the same time, northern and southern entrepreneurs financed their own infrastructural improvements.

Unlike the overthrow of O’Higgins, which resulted from an attempt to make the state more autonomous than the factions of the dominant class were willing to allow, the uprisings of the 1850s were the result of the fact that the state was not autonomous enough. Rather, it was too tightly controlled by the Central Valley’s agromercantile faction to respond to the needs of the more
dynamic and more modern class factions of the North and South. The congressional rupture of the agromercantile alliance indicated a fissure in the dominant class faction, but the state did not respond with increasing autonomy. Rather, from the beginning of the national bank episode to the end of the rebellion, the state protected the interests and advocated the positions marked out by the British merchant community and its Chilean allies.

**AFTERMATH**

The failed rebellions did nothing to alter the basic divisions and animosities within the Chilean dominant class nor were the northern and southern bourgeoisie beaten into submission, but political stability did return to Chile. The reason was that the class distinctions that had divided the dominant class began to disappear. Gradually, as railroads penetrated the Central Valley, the haciendas there began to increase their productivity because the cheaper freight rates made it possible for them to compete in the Valparaíso commodities market. At the same time, the construction projects that were modernizing transportation throughout the nation absorbed large numbers of workers who were attracted from the haciendas themselves (Núñez Oleachea, 1910: 51). As a result, haciendas were forced to alter the relations of production on their estates, introducing various combinations of wage labor, sharecropping, and lease agreements in order to maintain their labor force (Kay, 1977).

At the same time, the banking system was reformed. That is, joint stock commercial banks were established that had the resources to meet the credit needs of Chile’s economy. As a result, the high interest rates and options that had been the major feature of the credit system created by British merchants disappeared (Pregger-Román, 1978: 81-88). The result was that credit became more readily available to Chilean entrepreneurs. These banks continued to direct capital into the traditional areas of the economy, that is, mining and export agriculture, but they did not serve as sources for industrial risk capital (Archivo Notorial de Valparaíso, vols. 165, 171, 176). They were corporations formed in Chile that tended to be run by members of the British merchant community who served as the executive officers and also dominated the boards of directors (Pregger-Román, 1978: 88-93), this even though Chileans always owned the majority of the stocks in these corporations. Other corporations were also forming during this period. First, along with the banks came insurance companies. These were followed by joint stock copper, coal, silver, and nitrate mining companies. Railroads were also built and other infrastructural improvements made by joint stock firms (Pregger-Román, 1978: 88-93). As with the banks, these firms also tended to be dominated by
British investors who typically held only a small proportion of the stock issued. The firms were also highly interlocked through their boards of directors (Pregger-Román, 1978: 83-85). Thus the development of the corporate economy altered the pattern of British participation in the Chilean economy and deepened its control of it.

The development of corporations had a social effect as well. It provided an opportunity for those with cash to participate in all areas of the economy. Central Valley hacendados invested in mining corporations, while mine owners and wheat growers invested in banks and insurance companies. Capital began to flow from each region into the others. The economic specialization of the regional elites began to break down and was replaced by a growing commonality of economic interests that gradually united the three factions of the dominant class. This growing class unity was reflected in the growing stability of the state as the need for any one faction to dominate it declined. The War of the Pacific (1879-1883) further united the dominant class and provided them with an immense amount of new territory into which to expand. It also set the stage for a rupture of the political consensus.

THE REVOLUTION OF 1891

Chilean entrepreneurs were not able to gain control of the nitrate industry in the Norte Grande, which in large part was claimed by foreign, mostly British capitalists on the basis of bonds that had been issued by the Peruvian government before the War of the Pacific in which Chile seized these territories from Peru. Chile’s dominant class was unwilling and unable to successfully gain control of the nitrate economy because of weaknesses in the fiscal structure of the state and because of British diplomatic pressure (O’Brien, 1976).

Another, more important factor was that the ruling class, in general, and the financial faction, in particular, were active participants in the expansion of British control of the nitrate fields. Chilean banks had financed a major part of the speculation in the Peruvian nitrate bonds on which British control was based (Ramírez Necochea, 1969: 22). In fact, the financial health of Chile’s banks was firmly tied to the success of the British nitrate enclave.

The finance faction of the dominant class, which controlled the national congress and the executive branch in alliance with the Chilean nitrate mining faction, came into conflict with agrarian and older mining capital and with the nascent industrial bourgeoisie over both protectionism and the question of economic development. The agrarian bourgeoisie, which had become increasingly less important in foreign commerce, had shifted its emphasis to
the expanding national market but, even there, faced stiff competition from Argentine imports. Nonetheless, the agrarian faction remained a strong force in the state, with interests diversified into all areas of the economy.

The industrial faction, which grew up around service to the railroad network, mining economy, and the expanding internal market, was excluded from the state (Alvarez Andrews, 1936: 135-138; FO 16/256, November 20, 1889). That is, its members participated in neither the executive nor legislative branches. However, members of both branches retained an interest in economic growth and industrialization. In 1883, the Ministry of Hacienda commissioned economist Ramón Espech to conduct a study on the possibilities of increasing internal manufacturing activity. The Espech study proposed the introduction of an import-substitution development strategy, that is, the erection of protective tariffs, encouragement for the formation of industrial corporations, government-sponsored training facilities for industrial workers, and the formation of a government-sponsored association of manufacturers (Espech, 1883: 10-21). These policies were opposed by the nitrate faction, which was the main source of the state’s revenue because they called for higher export duties and came at a time of decreasing nitrate prices (Brown, 1963). But the National Society for Industrial Development was formed and in 1888 joined the Sociedad Nacional de Agricultura in pushing for a protective tariff (Wright, 1975). That legislation was favored by the president, José Manuel Balmaceda, who also had created a cabinet-level post for Industry and Public Works (Valencia Avaria, 1951: 343-350).

Balmaceda, elected in 1886, was a member of the Central Valley agrarian faction, was involved in several modernization projects in agriculture, and had broad experience in government (Encina, 1952: 30-39). He and his family had made substantial investments in banks designed to provide agricultural credit but avoided investments in either the commercial banks or other sectors of the joint stock economy. He was a longtime member of the Liberal Party, and an ardent economic nationalist (Chile, Congress, 1888). Further, he believed in using the state to guide the nation’s economic development (USSD, October 1, 1886). These positions put him at odds with classical liberal philosophy and with the mainstream of his own party.

Balmaceda was especially interested in both “Chileanizing” the nitrate industry and using it to fuel the expansion of the economy in other areas (Brown, 1963). The reaction of the British diplomats and investors was that he was antiforeign (FO 16/259, August 12, 1890). In effect, Balmaceda attempted to alter the course of Chile’s economic evolution by using the powers of the state to stimulate the development of specific factions of the ruling class (i.e., the industrial, agrarian, and coal, copper, and silver mining factions). But his actions, which involved an extensive public works program
and the alteration of the balance between Chilean and foreign ownership in the nitrate sector in favor of Chileans, threatened the interests, or were perceived as threats to the interests of the nitrate capitalists and their allies in banking, as well as by the more traditional hacendados, who argued that Balmaceda's development initiative would increase labor costs and cause labor shortages (Ramírez Nechochea, 1969: 121). As was pointed out, the financial sector was highly involved in the foreign nitrate enclave. Their resistance to Balmaceda is understandable. The Chilean nitrate mining faction as well was threatened, since it was integrated into the financial sector through stock ownership and was also heavily involved with the British enclave. Further, Balmaceda's use of the state to foster the development and incorporation of a new class faction into the ruling class threatened the balance of forces that made up the dominant class.

As a result, large sectors of the ruling faction deserted Balmaceda and allied themselves with the enclave imperialists who mobilized diplomatic pressure in support of their interests. The first signs of a rupture in the ruling coalition came, in fact, in the election of 1886, when the Radical Party, dominated by the financial sector and the Chilean nitrate faction, broke with the ruling Liberal coalition and nominated a candidate from their own party, José Francisco Vergara, former president of the Antofagasta Nitrate and Railway Company. Such a break was forecast in earlier controversies (USSD, January 6, 14, 1886). Balmaceda was also opposed by the remnants of the old, precapitalist landed faction that had been least affected by the class process. This group retained a voice in government through the Conservative Party, whose economically anachronistic, tradition-bound position in the class structure was manifested in their opposition to the secularization of the state and the liberalization of the educational system (Woll, 1975). These two diverse groups, the Radicals and the Conservatives, united to oppose Balmaceda's policies, with support from the British enclave imperialists.

Their strategy was to prevent the implementation of as much of Balmaceda's program as possible by creating a series of cabinet crises and by challenging the structure of the state. There had been cabinet crises in every administration since the 1850s, with each president since that time appointing an average of five cabinets. But Balmaceda was forced to appoint 13 (Pizzaro, 1971: 30). The result was that the passage of laws implementing his program became almost impossible. As to the structure of the state, the constitution of 1833 established a strong executive system on the model of the U.S. Constitution. But the opposition faction during Balmaceda's term advanced the argument that the constitution established a parliamentary system on the British model (USSD, January 12, 1891; FO 16/259, February
Clearly, during the 1860s and 1870s, as class factional divisions declined, the apparatus of the state had been liberalized, election laws had been reformed, and ministerial accountability had been introduced, but the state was still essentially presidential.

The political battle was intensified when Balmaceda, following well-established precedent, attempted to name his own successor, Enrique Salvador Sanfuentes, in the 1891 election. Sanfuentes would have continued to push for state intervention in the economy and a reform of the nitrate industry. The majority of Liberal Party officials rejected Balmaceda's choice. The contest was brought to a head when Balmaceda agreed to a reform of the electoral system that the opposition believed would have given it complete control of the state. That estimation was, however, incorrect. Both the British and U.S. ambassadors agreed, in their estimations of electoral alignment, that Balmaceda's faction in congress would secure a majority at the upcoming election and that the beleaguered president would see his policies implemented by his successor (USSD, October 17, 1890; FO 16/264, April 27, 1891).

At this point, the opposition was faced with two choices: either submission and abandonment of its perceived interests or open rebellion. To justify its choice and to attract broader support for rebellion, it was necessary to discredit the president. As a result, the congressional opposition held up routine tax and budget measures which were mandated by the constitution. Balmaceda, drawing on precedent, continued the previous year's budget, as other presidents had done before him and as he had been forced to do early in 1887 (USSD, January 19, 1891). But the opposition declared him a tyrant and declared itself the legitimate government, abandoning Santiago, and with the support of the Navy, beginning a rebellion that ended Balmaceda's presidency and with it, his program. The opposition was supported by the British entrepreneurs in Chile and by the British diplomatic corps. U.S. AmbassadorPatrick Egan reported that

I may mention as a feature of the interest the fact that the revolution has the undivided sympathy, and in many cases the active support of the English residents in Chile. Colonel Robles, the ill-fated commander of the government forces at Iquique [the major nitrate port], officially reported to the government that the managers... of the English [nitrate] oficinas in Tarapacá urged their workmen to join the revolutionists, promising them $2 per day during their term of service and holding out the threat that unless they did join they would never again get employment in Tarapacá. It is rumored that many English houses have subsidized liberally to the revolutionary fund. Among others, it is openly stated by leaders of the revolution, Mr. John Thomas North [owner of several nitrate mines] contributed £100,000 sterling (USSD, March 17, 1891).
In a confidential letter to the Foreign Office lawyer charged with protecting North's Chilean interests, J. G. Kennedy, the British ambassador, made the following observations:

[Captain] St. Clair has kept me . . . informed of movements and intentions of the rebel fleet and we have privately managed to control them. . . . The fleet seceded suddenly because something was suspected and the government decided to disperse the ships. If only they could have waited the army which had been mainly bought would have risen and then all was easy (FO 16/264, January 24, 1891 [emphasis added]).

By late August, the rebel force had moved against the capital and defeated the army, which had remained loyal to the president, at least ostensibly, and Balmaceda was ousted from office. His policies, which attempted to manipulate the nation's economic evolution in ways repugnant to the class factions that dominated the state, were abandoned.

Clearly, Balmaceda was attempting to use the state as a relatively autonomous actor in the social configuration to alter the nation's economic development and pattern of integration into the world economy. In doing so, he awakened deep fissures within the dominant class and, in fact, intensified those fissures (Pregger-Román, 1979: 226-230). His policies politically divided the fractionalized ruling class into two camps: one consisting of Chile's nitrate entrepreneurs, bankers, some agriculturalists, and their foreign supporters, who opposed the president; and the other—the loyal faction—composed of the copper, silver, and coal mining entrepreneurs, many industrialists, and some agricultural groups. But the Chilean state was not autonomous. Nor was either faction able to appeal to workers or peasants for support for their project (USSD, January 12, 1891). The state, and the social configuration which it represented, was subordinate, that is, influenced by exogenous forces which it could not control. It came under attack from those forces of imperialism and from factions of the dominant class most closely tied to the British nitrate enclave, and it fell before their combined might.

CONCLUSIONS

This study demonstrated that the Chilean class process responded to and was shaped by external pressures as much as it was influenced by internal transformations. Alterations in the mode of production were the result of Chile's increasing level of integration into the British-dominated world economy. As a result, differential rates of class transformation exacerbated
the factional divisions within the dominant class. Further, since the pre-capitalist mode of production never reached its limits of growth, but was only partially replaced as a result of that level of integration, vestiges of it survived, existing side by side with more modern modes of production.

This heightened fractionalization was expressed in the relative instability of the Chilean state as class factions attempted to monopolize its power in the service of their own interests, which were often diametrically opposed to the interests of other factions. Yet at no point did the opposing class factions successfully appeal to other, nondominant classes in their efforts to gain control of the state. At no time did the state, as an institution in itself, gain sufficient autonomy to disregard the interests of the dominant factions. Balmaceda’s efforts can be seen as an attempt to foster the autonomy of the state. But he failed precisely because his appeal was to an incipient class faction that was not part of the ruling class and to dominant class factions that were less closely tied to imperialism. Balmaceda’s Bismarkian development drive itself served to weaken imperialism by creating local demands for the products produced by these factions, that is, coal, copper, primary capital goods, and the commodities needed to manufacture them.

The theoretical implication of this attempt is that, as a subordinate state representing a more or less subordinate social structure, the state had no autonomy. During periods of extreme crisis, when one mode of production has reached its limits and is being replaced by another, or even when one form of a mode of production is being replaced by a new social structure of accumulation, states may experience relative autonomy from dominant classes (Gordon et al., 1982: 8-17), but only to the extent that class factions are unable to coalesce, or find exogenous support, and to the extent that lower class factions can become, albeit briefly, important actors in the arenas of power. In Chile during the three periods studied, there was no structural crisis and no alteration in the social structures of accumulation, not to mention in the mode of production. Therefore, the effort to use the state as an autonomous force was doomed. Dominant class factions were able to coalesce and to find external support. The counterrevolution of 1891 did result from deep fissures within Chile’s dominant class, and clearly, its outcome was partly the result of British intervention on behalf of their allies in that class.

But the question of relative autonomy remains. Was Balmaceda attempting to create an autonomous state? Or was he rather attempting to realign a subordinate state in the interests of class factions that were less enmeshed in Chile’s subordinate capitalism and potentially capable of achieving greater independence? Clearly, since not only opposing class factions were able to
coalesce but his supporters also, and since his attempt was to use state power to advance their interests, his state was, and would remain, tied to factions of the dominant class had he been victorious. Since neither the social structures of accumulation nor the mode of production had reached a point of crisis, little else could be expected.

In more general terms, since the class process of subordinate states is, to a large extent, determined by exogenous influences, that is, by the level of integration into and demands of the world economy, the state process is also subordinate and cannot develop significant levels of relative autonomy. This is not to say that crises in the mode of production in the dominant state do not have an impact on subordinate states. They certainly do, but since modes of production, and more so, social structures of accumulation reach their limits of growth in the core more quickly before they do so in subordinate regions, there is a discontinuity in their impact. In the dominant state, they heighten the relative autonomy of the state, while in subordinate states, they need not do so. There, since new modes of production and structures of accumulation are introduced from the dominant state before the old modes of production have reached their growth limits, the old and new exist side by side until the old mode of production withers away. Tensions are created to be sure, which may reach levels conducive to violence, but the class process and therefore the state have more time to accommodate the transformations, to integrate rising class factions at the same time that archaic class factions evolve. I am arguing that subordination itself alters the class process in such a way as to reduce the levels of autonomy of the state. This explains the apparent resilience of modes of production on the periphery that have become moribund in the dominant regions and the survival of class factions associated with them.

Clearly, these arguments are tentative. They fit well with the case of Chile during the nineteenth century, but there is always a danger in drawing universal conclusions from one case study, especially since Chile is unique in many ways. But is Chile critically unique? Of all Spanish-American nations, Chile had the greatest potential to achieve a more developed position within the world economy, if not for independent development. Chile failed to realize that potential because it was rendered subordinate. And while the quantifiers in social science have never devised a “domination/subordination scale,” is it not likely that peripheral states with less potential for a more developed position within the world economy would be more thoroughly affected by the exogenous forces that frustrated Chilean development? I believe that, in fact, they are. As a result, Chile’s uniqueness makes it an important example of the results of subordination on both the class process and the state.
NOTES

1. The passage reads: "The discovery of gold and silver in America, the extirpation, enslavement and entombment in the mines of the indigenous population of that continent, the beginnings of the conquest and plunder of India, and the conversion of Africa into a warren for the commercial hunting of black skins, are all things which characterize the dawn of the era of capitalist production. These idyllic proceedings are the chief moments of primitive accumulation"

2. Alvarez Andrews reports on the manufacture of locomotives and mining equipment in Chile, and even their export, while the British Consul lists over 2,000 industrial firms of various sorts including 212 iron foundries, 150 copper and silver foundries, and 50 shoe factories in his report. The size of these firms is not given.

3. This statement is based on a study of the biannual reports of 53 joint stock firms in existence between 1852 and 1891, which listed the stockholders.

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