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Economic Elites, Democratization, and Redistribution: Evidence from Latin America in the 19th and 20th Century

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Economic Elites, Democratization, and Redistribution: Evidence from Latin America in the 19th and 20th Century

by

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Professor Thad Dunning, Co-chair
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Abstract

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Social scientists often argue that economic elites play an important role in thwarting the adoption of democracy. Yet, some economic elites have at times supported democratization, leading to deep elite divisions in struggles over regime type. Why do some economic elites support democratization while others oppose? This dissertation examines the counter-intuitive role of economic elites in supporting democratization and the ways in which these elites can shape redistributive outcomes post-transition.

The theory I develop argues that the strategies of labor control elites pursue under authoritarianism fundamentally shape their preferences over democratization. Historically, exercising control over workers was of critical importance to elites, whose primary economic activities—manufacturing and agriculture—relied heavily on labor. My theoretical framework distinguishes between two key strategies of labor control. The first is *repressive* control, which relies on the threat or use of force against workers. The second strategy, which I label *co-optive* control, involves the provision of resources that partially benefit workers but are structured to facilitate employer monitoring and influence over workers' activities, e.g. elite-led labor organizations and employer-provided housing. While individual elites often vary in whether they pursue either co-optive or repressive labor control, both strategies constrain workers' ability to act in ways that run counter to elite material interests.

I argue elites' investments in co-optive or repressive labor control under authoritarianism give rise to variation in their support for democratization. Repressive control is deeply tied to authoritarian regimes—it is difficult to exercise this strategy in democratic contexts in which institutional and electoral constraints greatly limit elites' ability to employ force against workers. Elites who depend on repression are thus more likely to oppose democracy because it entails the loss of their primary form of labor control. Co-optive control, on

the other hand, does not rely on force to manipulate and constrain workers' behavior. It is thus easier to transfer co-optation to the democratic period, allowing elites who pursue this strategy to preserve their control over labor and thereby lower the risk associated with democratization. Crucially, these same elites can incur key benefits from the adoption of democracy. In democratic settings, elites who previously invested in co-optive control have a competitive advantage over those who relied on repression under authoritarianism, as this latter group of elites will face challenges in maintaining labor control in the democratic period. Co-optive control thus lowers the costs and raises the returns of democratization, making elites who rely on this strategy more likely to support democratization than those who depend on repression.

In addition to investigating the adoption of democracy, I also examine how forms of labor control, established under authoritarianism, affect post-transition outcomes. Specifically, I investigate how these different strategies of control shape workers' ability to secure material concessions following a democratic transition. I argue that post-democratization, workers operating under co-optive labor arrangements struggle to extract higher wages, improve their working conditions, and make related demands that threaten elite material interests. In contrast, workers in areas with a history of repressive control are more likely to secure these key labor concessions under democracy.

To test my argument, I employ a multi-method empirical approach that combines natural experimental data, archival material, and administrative records from Argentina at the turn of the twentieth century. The case of Argentina represents a hard test for the theory developed in this dissertation due to the relatively low labor intensity of most economic activity as compared to many other Latin American cases. To the extent strategies of labor control shape elite preferences over democratization in Argentina, we might expect the theory to also hold in contexts where economic elites are even more dependent on labor. A key feature of the Argentine case is that there exists a natural experiment in which forms of labor control can be considered randomly assigned. Leveraging this exogenous variation, I examine how different forms of labor control shape elite support for democratization, which I measure using an original dataset of local, pro-democracy committees. I complement the primary analysis with an examination of micro-level census data, historical electoral returns in which pro-redistributive candidates ran for elected office under democracy, and case study comparisons.

This dissertation develops and tests a theory to explain elite support for democratization. As such, it makes several theoretical and empirical contributions. First, it speaks to a large body of research suggesting that labor-dependent elites oppose democratic transitions due to fears of losing control over workers following democratization. My findings suggest this opposition critically depends on the strategies of control that elites employ. Second, the findings shed light on the degree to which such regime transitions represent a break with the authoritarian past. As I demonstrate, elite investments in co-optive labor control not only make them more likely to support the adoption of democracy but also endure following

democratization and shape elite-labor conflict under democracy. Finally, the dissertation also generates new insights regarding the potential returns economic elites can obtain from transitions to democracy, suggesting elites who rely on co-optive control can secure a key economic advantage under democracy that may encourage them to support democratization.

To my grandmothers, Char and Yia Yia

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Chapter 1

Introduction

In the fall of 1911, debate in Argentina raged over a slate of democratizing reforms which, if adopted, stood to transform the country's political landscape and usher in what is widely considered to be its first democratically elected government. Many economic elites opposed the reforms. On September 1st, 1911, Arturo Reynal O'Connor, a wealthy landowner, published an opinion piece in the daily newspaper *La Nación* opposing one component of the reforms: the adoption of the secret ballot. He stated, "While the act of casting a ballot can occur in secret, upon reviewing a ballot, election officials should find at the bottom the voters' registration number."[1] Two weeks later, the son of a prominent landowner from the province of Tucumán, Jesús Hipólito Paz, voiced a similar sentiment, arguing that "All citizens who are 'capable' have a right to choose their [political] representative, but not so for those who are 'incapable' ... the [proposed] law equates those who know whom they vote for, with those who vote without knowing how or for whom."[2]

Yet, elites' opposition to democratization in Argentina was far from universal. Prominent landowner Ezequiel Ramos Mexía, who hailed from the province of Buenos Aires, publicly expressed his support for democratizing reforms and noted his "marked enthusiasm" for their adoption.[3] The ex-Minister of Agriculture, Damián M. Torino, echoed this sentiment, arguing that "[the secret ballot] is usual practice in all of the more developed countries ... So let us not delay in adopting it."[4] In 1910, elites founded committees in support of the politician Roque Sáenz Peña—a key advocate of the democratizing reforms—in more than one in five Argentinean localities. Notably, both industrialists *and* landlords joined these committees, suggesting that support for democratization did not reflect only elites' sectoral activities or the composition of their asset portfolios.

Elite support for democratization was hardly limited to Argentina. Economic elites in Chile, for example, supported democratizing reforms as early as 1889. As a prominent

[1] Reprinted in Canton and Jorrat (2001: 110-116).

[2] Quotations in the original. First published on September 12, 1911 in *La Nación*. Reprinted in Canton and Jorrat (2001: 165-170).

[3] Originally quoted in Hora (2001: 146).

[4] First published on August 28, 1911 in *La Nación*. Reprinted in Canton and Jorrat (2001: 95).

landowner from the rural region of Illapel, Manuel José Irarrázaval Larraín,[5] explained, "[we] seek an electoral law that provides real guarantees and freedom of the vote."[6] With support from the likes of Irarrázaval Larraín, reforms were adopted within the year.[7] In Colombia, elite coffee growers, such as the powerful Mariano Ospina, signed the *Pact of March* in 1957 in which they committed to supporting the adoption of democratic institutions. Their actions were critical in toppling the country's authoritarian regime (Hartlyn 1984: 253-257). Roughly half a century earlier, Uruguay's National Party—with its deep roots among landowners in the country's northeast—advocated democratizing reforms in the Constituent Assembly of 1916. During the Assembly's opening session, the party asserted, "We hope to establish a new constitution in which voting and registration are compulsory, representation is proportional, and the vote is secret."[8] The reforms that were ultimately adopted included both the secret ballot and universal suffrage.

In each of these cases, key landowners and manufacturers supported democratization, ultimately overcoming the opposition of other elites and facilitating a regime transition. Their support is puzzling given their overwhelming dependence on labor, which many conventional accounts suggest should lead elites to oppose democratic transitions due to fears that democracy will erode their political and social control over workers.[9] It is also striking given the large literature in the social sciences that documents the redistributive threat associated with democratic institutions.[10] Many elites owned immobile assets—such as land—which are particularly vulnerable to redistribution in democratic regimes and are thus theorized to engender deep-seated opposition to democracy. Support for democratization in these contexts also failed to cleave along sectoral divides—such as between manufacturing and agriculture—which are often thought to explain diverging elite preferences over regime transitions (see e.g., Ansell and Samuels 2010, 2014).

These puzzling patterns of elite support for and opposition to democratization within countries across Latin America inspire several questions. How do economic elites shape the prospects of democratization? Specifically, why do some economic elites support democratization while others oppose? And how do the dynamics that lead to these divisions shape the degree to which democracy represents a break with the authoritarian past?

In addressing these questions, I focus on a central concern of economic elites: control over labor. Throughout the nineteenth and early twentieth centuries in Latin America, elites remained heavily reliant on labor for production, across both the region's large plots of agricultural land as well as its nascent industrial sectors. Establishing control over workers was

[5]According to the 1902 tax rolls, Irarrázaval was, in fact, the largest landowner in Illapel and one of the largest in the country overall (Espinoza 1903: 172).

[6]*Boletín de Sesiones del Senado, sesión extraordinaria del 28 de octubre de 1889* (78).

[7]The secret ballot was adopted in 1890, which is often cited as the year in which Chile transitioned to its first democratic regime (Valenzuela 1998: 268; Collier 1999: 59; Valenzuela 2001: 253.)

[8]Washington Beltrán, representative from the rural region of Tacuarembó for the National Party (Uruguay 1918: 162).

[9]See e.g., Gerschenkron (1943); Moore (1966); Rueschemeyer et al. (1992); Albertus (2017); Mahoney (2003); Ardanaz and Mares (2014); Ziblatt (2009).

[10]See e.g., Acemoglu and Robinson (2000, 2006); Boix (2003); Ziblatt (2008).

critical to ensuring the continuation of elites' economic activities and the protection of their material assets, which were vulnerable to destruction at the hands of workers. Under authoritarianism, there are two broad strategies that economic elites can employ to control their workers. The first is a strategy of *repressive* control, which relies on the threat or use of force to compel workers to submit to elite interests. The second, *co-optive* control, involves the provision of resources that partially benefit workers but are structured to facilitate employer influence over workers' activities, e.g. elite-led labor organizations and employer-provided housing. While individual elites often vary in whether they pursue co-optive or repressive labor control, both strategies constrain workers' ability to act in ways that run counter to elite material interests.

I argue that these different strategies of labor control, developed under authoritarianism, give rise to variation in elite support for democratization. Repressive control is difficult to maintain in democratic settings in which states are generally unlikely to either passively tolerate or actively support violence against workers. Elites who depend on repression are thus especially sensitive to losing control over labor under democracy and tend to oppose democratization. In contrast, because co-optation does not rely on force and instead involves the provision of resources that allow elites to manipulate and constrain workers' behavior, democratic states are less likely to impede the exercise of this strategy of control. It is thus easier to transfer co-optation to democratic settings, allowing elites who pursue this strategy to preserve their control over labor and thereby suppress threats to their material interests that might otherwise arise among workers. Investments in co-optive control thus lower the risk associated with democratization. Crucially, elites who previously invested in co-optive control also can incur key benefits from the adoption of democracy. The capacity to continue exercising co-optive control under democracy gives these elites a key competitive advantage over those who previously relied on repression, as this latter group of elites will face challenges in maintaining labor control in the democratic period. Co-optive control thus lowers the costs and raises the returns of a democratic transition, making elites who invest in this strategy of labor control more likely to support democratization than those who depend on repression.

The argument I develop has important implications for the study of democratization broadly, as well as the role of economic elites specifically in shaping the prospects of democratic transitions. Scholars of regime change have explored at length the conflicts that emerge between economic elites and the "masses" over democratization, often arguing elites oppose democratizing pressures from below (see e.g. Moore 1966; Rueschemeyer et al. 1992; Luebbert 1991; Acemoglu and Robinson 2000, 2006; Boix 2003). I argue, however, that the strategies of labor control elites pursue under authoritarianism can critically shape their preferences over democratization, suggesting elites do not always serve as the reactionary figures that scholars might generally expect. As I demonstrate, a reliance on co-optive labor control under authoritarianism can often lead elites to embrace democratic transitions.

1.1 Elite Splits over Democratization in Latin America

Across Latin America, economic elites historically have played a key role in episodes of democratization due to their extensive influence within authoritarian regimes. Though elites did not always spearhead initial calls for democratization, their structural and infrastructural power positioned them to determine the fate of potential democratic transitions that arose. Elites generally controlled important sectors of the economy, ranging from agricultural and manufacturing industries to mines and other natural resources. Their power was often reflected in—and perpetuated by—their formal positions in authoritarian governments, such as within a regime party or legislature.[11]

While we might expect elites' privileged position in authoritarian regimes to lead them to uniformly oppose democratization, they have often been divided in struggles over regime type, with key elites supporting democracy. Table 1.1 documents the outcome of a series of debates held in authoritarian deliberative bodies across Latin America regarding whether or not to adopt democratizing reforms.[12] In each case, splits emerged over whether or not to support reform. These divisions were reflected in the introductory anecdote from Argentina; though some elites spoke out against democratization, others supported regime change. This latter group went as far as to form committees to support the pro-democracy presidency of Roque Sáenz Peña. In Costa Rica, elites were similarly divided over democratizing reforms in 1912. Though many supported reform, it would take over a decade for the secret ballot and other democratizing reforms to become law.[13] In Uruguay, as noted above, many elites supported democratization in the Constitutional Assembly of 1916. Others opposed regime change and founded civil-society organizations in an attempt to block the adoption of democratic institutions (Panizza 1997: 688). Roughly two decades later, far-reaching reforms proposed in Colombia—including the adoption of universal suffrage—were spearheaded by Alfonso López Pumarejo, son of one of the country's richest men at the time, and his elite supporters. Yet other elites opposed his efforts, forming the "Union of Property Owners" to prevent the adoption of reform (LeGrand 1986: 147-148).

We might expect these divisions to reflect the intensity of elites' dependence on labor or the composition of their asset portfolios, as prominent scholarship on democratization would suggest. A large body of research in this tradition argues that a dependence on labor—as opposed to capital—engenders opposition to democratization, particularly among landed elites. According to these theories, democratic regimes erode the social hierarchies and

[11] While generally the case, there are exceptions; authoritarian regimes have occasionally built coalitions among non-elite groups, such as the rural poor (Albertus 2015). Even in these instances, however, elites generally remain powerful due to their broader influence within the economy.

[12] In Chile and Costa Rica, roll call votes in authoritarian legislatures were held on democratizing reforms. In Argentina, I rely on data from López (2005: 283), which classifies congressmen based on their contributions to congressional debates regarding democratizing reforms proposed in 1911 and 1912. In Uruguay, support and opposition is determined based on sponsorship of two bills in the Constituent Assembly of 1916, one that contained language adopting universal suffrage and another that retained restrictions on the franchise (reported in Martins 2016: 127 and Garcé García y Santos and García Ortiz 2019: 261).

[13] Key support came from members of the Agricultural Party, leading to adoption in 1925 (Lehoucq 1996: 347-349).

Table 1.1: Preferences over Democratization in Authoritarian Deliberative Bodies (selected cases)

	Year	Support	Opposition
Chile	1872	26	29
Costa Rica	1912	22	17
Argentina	1912	50	34
Uruguay	1916	105	56

Sources: Chile: roll call vote held June 22, 1872 in Congress (Congreso Nacional 1872); Costa Rica: roll call vote held June 4, 1912 in Congress (Lehoucq 2000: 465); Argentina: based on contributions to congressional debates in 1911 and 1912 (data from López 2005: 283); Uruguay: sponsorship of bills supporting and opposing democratization in the Constituent Assembly of 1916 (data from Martins 2016: 127; Garcé García y Santos and García Ortiz 2019: 261).

political mechanisms that guarantee elites' social position and economic profits.[14] A second set of scholars, building on these insights, emphasize the redistributive threat associated with democratic institutions. These scholars suggest that elites with immobile assets, which are difficult to shield from expropriation, have the most to lose under democracy and are thus more likely to oppose democratic transitions.[15]

Yet fine-grained evidence from struggles over democratization in the region cuts against these expectations. Consider Figure 1.1, which depicts the relationship between labor-dependent agriculture and support for democratization in two particularly well-known Latin American cases: Argentina and Chile. The figure plots the share of the population (rural population where possible) classified as a peon or agricultural laborer in a given electoral district against the proportion of congressmen from that district who supported democratizing reforms.[16] Contra the predictions of the above literature, in neither case is there evidence of a negative association between this measure of labor-dependent agriculture and support

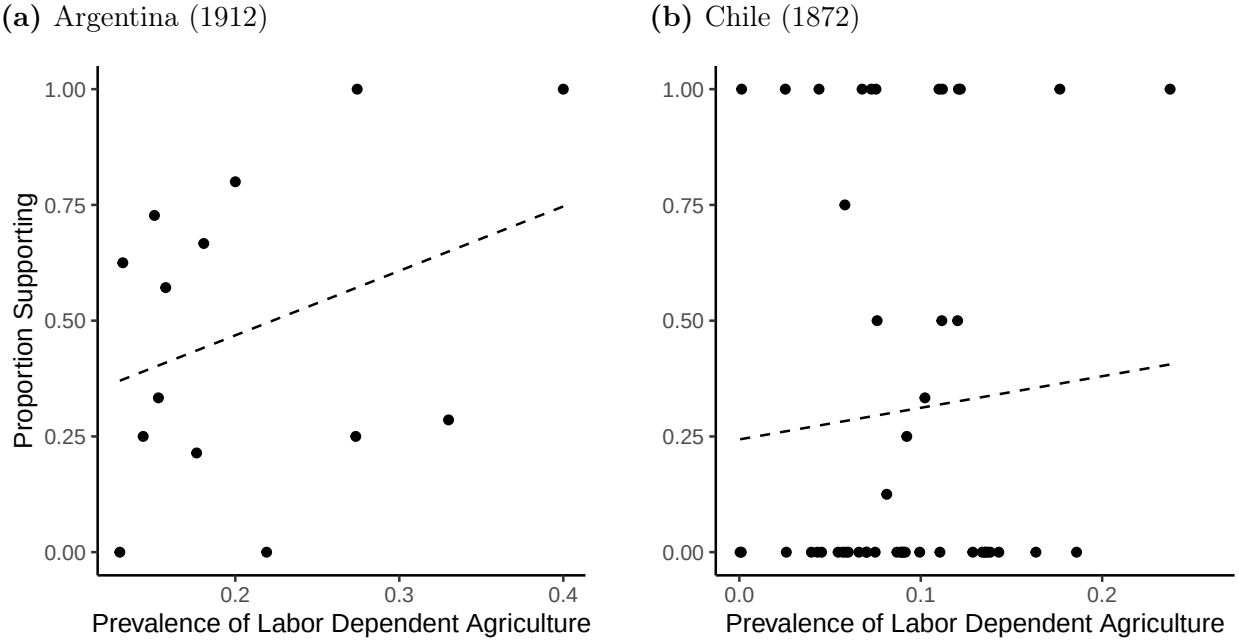
[14]See e.g., Gerschenkron (1943); Moore (1966); Rueschemeyer et al. (1992); Mahoney (2003); Albertus (2017).

[15]Acemoglu and Robinson (2000, 2006); Boix (2003); Ziblatt (2008).

[16]Scholars have employed many different measures of labor-dependent agriculture (for a review of different strategies, see Albertus 2017: 245-251.) In panel (a) of Figure 1.1, labor dependence in Argentina is calculated as the proportion of peons in the rural population according to the 1914 national census. While the census was conducted two years after democracy was debated, the census took place before national elections for a new president were held using the new democratic electoral rules. Unfortunately, no earlier census records the population of agricultural laborers in Argentina. The City of Buenos Aires is excluded because it did not have a rural population and was thus not included in the census. In panel (b) of Figure 1.1, labor dependence in Chile is calculated using information from the 1865 census about the share of gañanes—an

for democratization. In fact, some of the greatest support for democracy in both countries came from districts with among the highest levels of labor-dependent agriculture.

Figure 1.1: Economic Correlates with Support for Democracy



Scatter plots of the bivariate relationship between the prevalence of labor-dependent agriculture and the proportion of congressmen in Argentina and Chile who supported democratization in 1912 and 1872, respectively. Each point indicates an electoral district. I measure labor dependence as the share of the population (rural population where possible) classified as a peon or agricultural laborer (see Footnote 16 for details). *Sources:* Argentina, Comisión Nacional Censo (1916a) and López (2005: 283) for Argentina and Chile, Oficina Central de Estadística (1866) and Congreso Nacional (1872) for Chile.

Strikingly, an overwhelming number of the congressmen who cast votes in support of democratization were themselves economic elites, and specifically property owners. While we might expect these elites to oppose democratization due to fears about the redistribution of

unskilled laborer akin to a peon—in the total population. I do not include *agricultores* in the measure of dependent laborers because this occupational category includes landowners in addition to tenant farmers (Bauer 1971: 1060). To measure support for democratization in Argentina, I use data from López (2005: 283), who assessed congressmen's support based on their contributions to debates about a bill proposed in 1912. In Chile, I record the outcome of a roll call vote held on June 22, 1872 regarding a democratizing bill proposed in Congress (Congreso Nacional 1872).

their property, in both Argentina and Chile a sizeable share of congressmen favored democratizing reforms. Of the 86 Argentinean congressmen who supported democratizing reforms and whose occupation could be identified, 81 percent were property owners.[17] In Chile, property owners were similarly well represented, comprising 76 percent of the congressmen supporting democratization whose occupation could be identified.[18]

Across Latin America, economic elites were deeply divided in struggles over regime type. The patterns of support and opposition documented in this section do not align with the expectations of prominent scholarship on democratization, failing to map onto cleavages stemming from the immobility of elites' material assets or the intensity of their dependence on labor. Explaining this variation is critical to shed light on not only the determinants of individual elites' preferences over democratization, but also the prospects of regime change more broadly. In the next section, I develop a theory to account for these divisions among elites.

1.2 Argument

Why do some economic elites support democratization while others oppose democratic transitions? This section provides an overview of the theoretical framework I develop to explain the origins of these divisions among economic elites, key stakeholders in authoritarian regimes. The argument hinges on the forms of labor control that elites exercise in authoritarian regimes.

Two Strategies of Labor Control

Control over labor historically has played an important role in promoting the economic welfare of individual economic elites. Agricultural and pastoral activities are paradigmatic cases of elites' reliance on labor control, bringing to mind images of tenant farmers toiling on Chilean *haciendas* or peasants on landed estates in eastern Prussia. Industrial elites also relied heavily on workers—and control over them—throughout much of the nineteenth and twentieth centuries. In the United States, for example, textile factories were built within company towns that facilitated labor control well beyond the walls of factories themselves.

Through the exercise of labor control, elites can compel workers to accept terms of employment that are favorable to elite economic interests. Control over labor has well-

[17]Three primary sources were consulted to assess whether congressmen were property owners: *La Rural*, a compendium of estate owners in Argentina published in 1912 by the *Rural Society*; a biographical guide from 1904 that listed the occupation of prominent public individuals; and original manuscripts from the 1895 National Census that specify whether individuals were property owners (Hogg 1904; Sociedad Rural 1912; Argentina 1898). Congressmen who owned property according to the census, who were included in La Rural, or whose listed occupation in the biographical guide was clearly associated with land (e.g. cattle rancher, landowner) are categorized as property owners. Of the 49 congressmen who voted in favor of democratization, background information could be identified for 37 individuals. Information for the remaining 12 could not be located.

[18]To determine property ownership in Chile, I cross-referenced congressmen's names with the 1874 agricultural tax rolls (Chile 1875). When available, I also consulted biographical information collected by the Biblioteca del Congreso Nacional de Chile, available at https://www.bcn.cl/historiapolitica.

documented economic benefits. It can reduce labor mobility, thereby ensuring a steady and abundant supply of workers reduces elites' labor costs (Moore 1966; Gerschenkron 1943; Huber and Stephens 1995; Mares 2015; Albertus 2017). It also prevents workers from withholding their labor to extract improved working conditions or greater compensation. Strikes were commonly employed with this goal in mind throughout much of the nineteenth and twentieth centuries.[19] Workers can also seize or destroy assets that are a central means of elites' economic production. In some cases, this has involved reclaiming resources, such as land, over which elites unilaterally claimed ownership (see e.g. Paige 1978, 1998). In others, it has meant the destruction of machinery and/or goods. In the Argentinean province of Tucumán, for example, workers frequently committed acts of sabotage in sugar mills and set fire to cane fields in the the last decades of the nineteenth century (Juarez-Dappe 2010: 114).

Under authoritarianism, there are generally two strategies of labor control available to economic elites. The first is *repressive* control. As its name suggests, this strategy implies the use of force, or the threat of its use, to control labor. Indeed, due to its heavy handed nature, simply the threat of repression is often sufficient to sustain this strategy of control and prevent workers from challenging elites.

The strategy of repressive control encompasses a wide range of coercive arrangements, from slavery and debt peonage to private or government-backed security outfits. In Brazil, for example, many landowners employed slavery until its abolition in 1888. Some later turned to private gunmen to intimidate workers into complying with elite interests (Bethell 1993b: 237). Some mining elites in Chile also relied on repression to control labor throughout the latter half of the nineteenth century, employing private police to ensure workers' submission and seeking military support from the national government (Monteon 1979: 69). In northern Chile, for example, many mine owners and other local notables appealed to the president's provincial representatives during this period, requesting military support in the repression of labor (Grez Toso 2000: 154).

The second strategy elites can pursue is *co-optive* labor control. This strategy implies the provision of resources that partially benefit workers but are simultaneously structured to facilitate employer monitoring, allow elites to manipulate workers' information environment, and reinforce social and economic hierarchies that favor elites.

One form of co-optive labor control is pro-elite labor organizations. Throughout Europe and the Americas, industrial elites often formed "company unions" and supported the formation of pro-elite Catholic Worker's Circles. These organizations provided minimal benefits to their members, such as the ability to pool resources to insure against sickness, injury, or death. However, they also positioned elites and their allies to directly oversee any meetings or actions that might be taken by these groups, allowing elites to identify and put an end to threatening labor activities, such as strikes, and serving as a channel to discourage

[19]This occurred even in cases with relatively low levels of industrialization. In Brazil, for example, textile workers struck with increasing frequency at the turn of the twentieth century, often paralyzing production (Dulles 1973: 17, 20-21).

workers from taking actions that would threaten elite material interests.

Another example of co-optive control involves the provision of employer-subsidized housing on elite property. In nineteenth- and early-twentieth-century Chile, for example, landowners in the Central Valley invested heavily in the system of land tenancy known as *inquilinaje* in which workers and their families were granted plots of land on large estates in exchange for their labor and other services (for a description see e.g., Kay 1977: 106-107).[20] The system was structured such that entire families worked, lived, and often even attended religious services on the estate. It was attractive to laborers, as it provided them with reliable access to the otherwise scarce arable land throughout the region and offered some degree of economic security (Bauer 1995: 28). However, it simultaneously allowed elites to closely surveil workers' actions; anyone engaging in suspicious activities was "immediately approached and questioned by the [land]owner, who reserved the right to expel him from the property" (Swift 1971: 37). Meanwhile, religious services and other activities on elite property served to reinforce the existing social hierarchy and encourage loyalty to elites. Such tenancy arrangements thus provided elites with extensive control over their farmhands.

Unlike repression, co-optation does not rely on the overt use of force to control labor. Instead, workers are obliged to comply with elites as a condition of receiving the benefits offered through co-optive arrangements. In this respect, co-optive control represents a bargain between elites and workers; in exchange for minimal concessions from elites, workers accept elite oversight and influence over their actions.[21] Elites are thus able to exercise labor control without the express use or threat of force.

Precisely because co-optation relies on a bargain among elites and workers, it is generally difficult to employ concurrently with repression. Though structured so as to favor elites, co-optation still requires worker buy-in to arrangements that facilitate elite control. Since repressive control entails the use of force, or the threat of its use, it creates more adversarial relationships between elites and workers that are likely to lead to the breakdown of existing co-optive bargains. Hence, co-optation and repression tend to be mutually exclusive strategies of labor control that cannot be employed in tandem. While some elites depend on labor repression, others rely on co-optive control.[22]

Labor Control and Elite Support for Democratization

I argue that elites' reliance on either co-optive or repressive control under authoritarianism plays a critical role in determining whether or not they support democratization, ultimately shaping the prospects of such regime transitions. When elites pursue a strategy

[20]Other forms of land tenancy, such as debt peonage, were prevalent in many parts of Latin America and Europe during this time period. However, unlike many of these tenancy arrangements, in which outright repression and the accumulation of debts were employed to keep workers tied to the land, scholars of Chilean agriculture emphasize that the system of *inquilinaje* did not depend on systematic coercion by state or private actors (Bauer 1995: 35-36).

[21]The tension between the benefits and costs associated with co-optive control is similar to corporatist labor arrangements in which the state offers both "inducements" and "constraints" that lead labor unions to accept state-imposed control over their activities (Collier and Collier 1979).

[22]I examine the reasons why elites select either repressive or co-optive control in Chapter 2.

of labor repression, they rely on the use of force to exercise control. Since democratization expands the political power of the popular sector—of which laborers comprise a core component—democratic governments are generally unwilling, or relatively less able, to tolerate the use of force against workers. Elites who depend on labor repression are thus acutely sensitive to concerns about losing control over workers following a democratic transition.

Co-optive control, in contrast, has a very different effect on elites' decision to support or oppose democratization. This strategy represents the provision of resources to labor that are structured to constrain workers' behavior. Since it does not rely on the use of force, democratic governments are unlikely to impede the use of co-optation, making it easier to maintain this strategy of control in the aftermath of democratization. The ability to transfer co-optive labor control to democracy reduces the threat democratization poses to elites who pursue this strategy.

The differential capacity to engage in co-optive, rather than repressive, control under democracy provides elites who previously employed this strategy with key economic advantages in the democratic period. Following democratization, elites must confront a dramatically transformed labor market in which it is difficult to exercise repressive control. It is also difficult for elites who previously employed repression to switch to a strategy of co-optation, since the adversarial relationships that repressive control foments increase workers' animosity toward and distrust of elites. Those elites who relied on repression under authoritarianism are thus likely to face disruptions to their productive activities, and resolving these disruptions is likely to require granting significant concessions to workers. In comparison, since elites who rely on co-optation can transfer this strategy of control to democratic contexts, they are better positioned to retain their workforce while avoiding further concessions to labor. This reduces their labor costs in comparison to those elites who previously pursued repression, providing elites who depend on co-optation with a competitive economic advantage under democracy.

Strategies of labor control thus play an important role in shaping elite support for democratization. Elites who rely on repression under authoritarianism are especially vulnerable to losing control over their workers because labor repression is difficult to translate to democratic regimes and engenders more adversarial relationships with workers that make switching to co-optation difficult. In contrast, elites who pursue co-optive control under authoritarianism can transfer this strategy to democratic contexts, reducing the risk of democratization. These elites can also benefit from democratization due to their comparative advantage in retaining their workforce without granting further material concessions to labor. Elites who invest in co-optive control are thus more likely to support democratization than those who pursue repression.

1.3 The Long-Term Implications of Co-optive Control

The impact of co-optive labor control extends beyond the dynamics immediately related to democratization. Elite support for democratic transitions is based on their expectations about their ability to transfer co-optation to democratic settings and the returns to exercising

this strategy under democracy. Building on this argument, the final empirical chapter of this dissertation demonstrates the enduring impact of co-optive control on workers' ability to take advantage of new opportunities to demand material concessions from elites in the decades following democratization. Where co-optive control is operative, elites in democratic contexts can detect and suppress threats to their material interests—e.g. the formation of traditional labor unions, demands for higher wages, or support for redistributive political parties—that might arise among workers. They can also manipulate workers' information environment to discourage engagement in activities that promote redistribution. Workers in these settings will thus be less likely to extract material concessions from economic elites in the democratic period.

Co-optive company towns and housing on elite property clearly illustrate these dynamics. In addition to providing homes for workers' families, these co-optive arrangements often also include the construction of schools and health facilities, among other amenities. Under democracy, this extension of elite influence into workers' private lives provides channels to reinforce the status quo and dissuade workers from making redistributive demands that threaten elite interests. It also facilitates the monitoring of workers, posing barriers to their collective action and limiting their ability to build support for redistribution without detection. In his analysis of company towns in Atacama, Chile in the 1920s and 1940s, Porteous (1974) describes this control in the following terms:

> Company housing has proved an effective means of worker control ... If the industrialist is landlord as well as employer, his relationship with his employees extends beyond the plant and into the workers' homes. Employers may thus exert considerable influence over the social and political, as well as the economic, life of company towns ... Trade union organization may be prevented, religious bigotry fostered, and social class structures fossilized; dissenters and "radicals" may be dismissed from their jobs and consequently from their homes and thus from the company town itself (Porteous 1974: 410).

Co-optive control thus shapes not only the prospects of democratization, but also workers' ability to mobilize in favor of their material interests and to secure improved working conditions and higher wages under democracy. While democratic regimes are generally thought to empower poor voters to express their true political preferences, often in support of redistribution (Meltzer and Richard 1981), co-optation can constrain workers' capacity to challenge and wrest economic concessions from elites in these settings. Where co-optive control is operative, it can thus potentially limit the degree to which democracy leads to concrete material improvements in the lives of workers.

1.4 The Nature of Democratization in Latin America

The theory presented in the previous sections applies to cases in which there is a meaningful and clear transition from authoritarianism to democracy. It is, therefore, important to define the class of democratizing reforms that are most likely to facilitate these

transitions. Reforms can make authoritarian contexts more democratic without representing a democratic transition (e.g. shifting from closed authoritarian regimes to competitive authoritarianism or moves within competitive authoritarianism) or strengthen democracies that already exist (democratic deepening). However, my specific interest is in those reforms that result in a clear transition from a non-democratic regime to a democracy. The challenge lies in identifying these reforms empirically.

In pursuit of this goal, this section explores the democratizing reforms in Latin America that are most relevant to the argument proposed in this dissertation. Scholars often focus on suffrage extensions as the crucial class of reforms that triggers democratization. However, evidence from Latin America suggests that enfranchising reforms rarely have led to a democratic transition. Figure 1.2 displays the evolution of political institutions in Latin America between 1800 and 2000. Red squares indicate the year elections were formally adopted through a national constitution or electoral law,[23] green triangles represent the first year a majority of the popular sectors were included in the electorate,[24] blue circles represent the first year in which free and fair elections were instituted,[25] and black crosses indicate the first year of democracy according to the definition developed by Mainwaring and Pérez-Liñán (2014).[26] While many countries in Latin America adopted a broad suffrage shortly

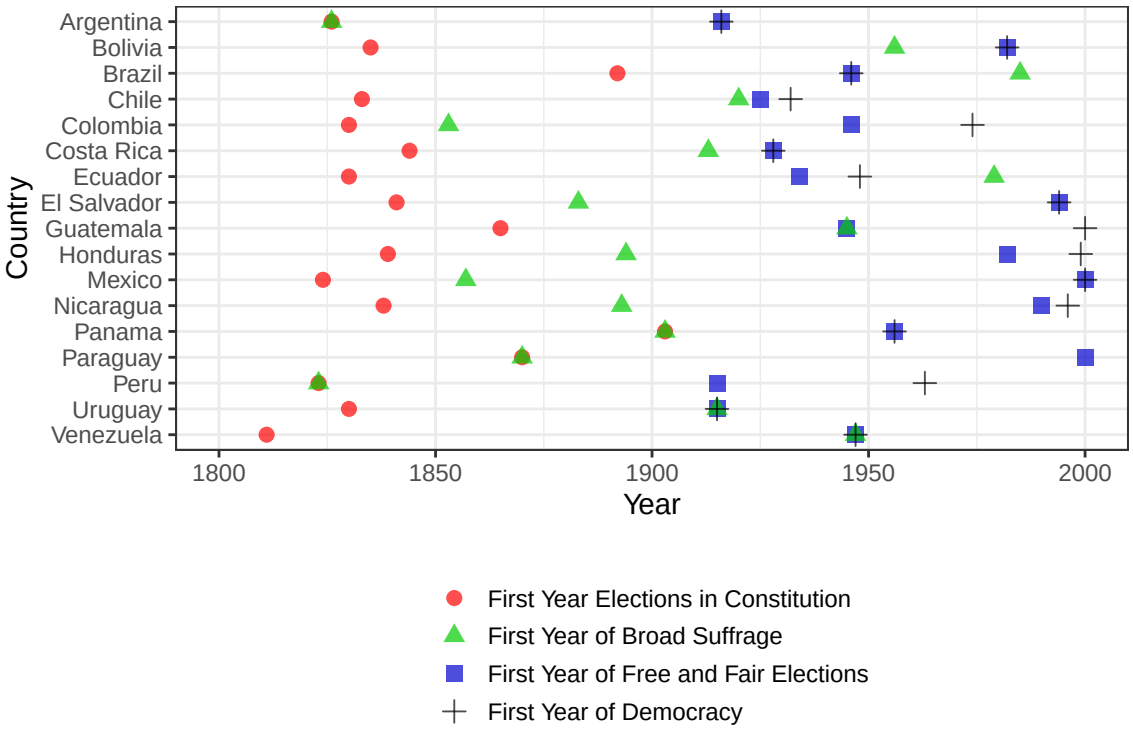
[23]This measure considers only the period after contemporary states were formed. For example, Panama is recorded as adopting elections in 1903, the year that it separated from Colombia, even though elections were employed in its territory prior to it becoming a separate country.

[24]I measure the presence of a mass electorate that included the popular sectors using information from case experts (see Appendix for sources). Following existing scholarship on democratization, the measure considers a mass electorate to be present despite the exclusion of women. It should be noted also that the measure evaluates whether or not the majority of the adult male population was able to exercise the vote, regardless of whether laws on the books formally restricted the franchise. In Chile, for example, though a literacy restriction formally excluded illiterate voters throughout much of the twentieth century, in practice many voted anyway since literacy was determined based on the ability to sign one's name (Valenzuela 2001: 256). Finally, the measure records the first year a broad suffrage existed, notwithstanding subsequent modifications that restricted the right to vote. In a number of countries, such as Peru, the franchise was quite broad in the first half of the nineteenth century before the adoption of suffrage restrictions led to the exclusion of large portions of the adult male population (Paniagua Corazao 2003: 69).

[25]The measure of free and fair elections relies on one of the four conditions included in the classification of democratic regimes developed by Mainwaring and Pérez-Liñán (2014).

[26]This coding scheme is one of the few to assess democracy annually (from 1900 to 2007) in Latin America. It addresses inaccuracies that exist in other classifications of the region's political regimes prior to 1950 (for a discussion, see Mainwaring et al. 2014). They define democracy as a political regime that satisfies four conditions: i) elections for the legislature and executive are free and fair, meaning not only that elections are held regularly, but also that said elections are broadly free of fraud and manipulation; ii) the majority of the adult population must be be able to exercise the vote; iii) political and civil rights—such as the ability to express opposition to the sitting government and freedom of the press—are protected; and iv) elected authorities must exercise meaningful governing power (Mainwaring and Pérez-Liñán 2014: 65-66). With respect to the ability to exercise the vote (condition 2), Mainwaring and Pérez-Liñán (2014) allow for certain restrictions on the suffrage in historical settings such as the exclusion of women, which was commonplace in many contexts throughout the nineteenth and early twentieth centuries (Teele 2018: 3). They also consider this condition to be met if laws formally restrict the franchise, but in practice the suffrage is exercised broadly. Examples of this case include countries in which literacy is a legal requirement to exercise the vote,

Figure 1.2: Democratization across Latin America



Sources: Author for the year that elections were adopted and the year a mass electorate was present (see Appendix); Mainwaring et al. (2014) for the first year of free and fair elections and the timing of democracy. See text for a description of each measure.

after their independence in the nineteenth century, it was not until the twentieth century that these countries began to democratize. Notably, in only two countries, Uruguay and Venezuela, did democratization coincide with a formal extension of the suffrage.[27]

Instead, in the majority of cases, democratization is considered to have taken place with the adoption of reforms that made elections free and fair, often decades *after* suffrage extensions. Reforms of this nature include the adoption of the secret ballot, which removes the ability to monitor for whom individuals cast their vote. They also include reforms that prohibit the state and its allies from manipulating voter registration rolls, a strategy that has

but either the majority of the population is literate, or in practice this rule is not enforced.

[27]In Brazil and Ecuador, Mainwaring and Pérez-Liñán (2014) consider democratization to have occurred prior to the removal of literacy restrictions that precluded key portions of the population—particularly in rural areas—from voting. The thrust of the trends described in this paragraph remain unchanged when these cases are removed.

often been used to control access to the vote. Given the early adoption of a broad suffrage in many Latin American cases, it makes intuitive sense that democratization in the region has often taken place with the adoption of reforms that make elections free and fair; even in the presence of a broad suffrage, democracy will not obtain if fraud determines the outcome of electoral contests. In such settings, the true threat to elite interests arises when reforms threaten to make elections free and fair and thereby empower the popular sectors.[28]

Because this class of reform—which increases the freedom and fairness of the electoral process—is empirically most central to democratization in Latin America, it represents the primary focus of my dissertation. Specifically, I examine the case of Argentina, where democratization took place with the passage of reforms that made elections free and fair. Despite the early adoption of elections in the Argentine case, extensive electoral fraud persisted until the early twentieth century. The reforms that triggered democratization, adopted in 1912, included the introduction of the secret ballot and mandatory voter registration that removed the state's ability to craft an electorate in its favor. Argentina represents a hard test for the theory developed in this dissertation due to the relatively low labor intensity of most economic activity in the country, as compared to many other Latin American cases (although, as Figure 1.1 illustrates, there is notable variation across Argentina's provinces). To the extent strategies of labor control shape elite preferences over democratization in this case, we might expect the theory to also hold in contexts where economic elites are even more dependent on labor.

1.5 Theoretical and Empirical Contributions

My dissertation generates new insights about divisions among economic elites regarding democratization. Splits among authoritarian stakeholders over democratic transitions have been widely noted among scholars of regime change; consider the well-known distinction that O'Donnell and Schmitter (1986) make between the roles of 'hardliners' and 'softliners' in transitions to democracy. Some scholarly accounts suggest these splits stem from diverging interests among different economic sectors, such as a landed gentry and rising industrial magnates.[29] Yet these studies often either take elites' diverging interests as a given, without exploring their origins, or view them as emerging exogenously based on, for example, pre-existing factor endowments that shape the composition of elites' material assets.[30] My argument underscores the ways in which such divisions can emerge endogenously based on the strategy of labor control elites pursue under authoritarianism.

The findings in this dissertation also highlight the potential returns elites can obtain from transitions to democracy. Prominent scholarship of democratization emphasizes the re-

[28] If this study were to be replicated in Europe we might instead focus on suffrage extensions, as those were more often the reforms that led to democratization in the region.

[29] Other scholars have explored splits among political incumbents that emerge as a result of factors such as electoral competition and the costs of electoral fraud in authoritarian contexts with limited elections Collier (1999); Teele (2018); Madrid (2019); Mares (2022).

[30] See e.g., Llavador and Oxoby 2005; Lizzeri and Persico 2004; Ansell and Samuels 2010, c.f. Albertus and Menaldo 2018.

distributive threat democracy poses to elites' material interests, suggesting elites will oppose the adoption of democracy unless that threat is mitigated. Yet, fears of expropriation or a higher tax rate following the adoption of democracy may not be elites' only, nor necessarily their most pressing, consideration when weighing the potential impact of democratic institutions. As my argument highlights, gaining a comparative advantage vis-a-vis other elites in the exercise of labor control can also shape elites' preferences and motivate their active support for democratization. Specifically, elites who rely on co-optive control can obtain a key economic advantage under democracy since they face comparatively lower labor costs than those elites who previously employed repression.

My dissertation also contributes to a growing literature on elite-biased democracy. Scholars have increasingly noted the political channels through which economic elites can protect their interests under democracy by, for example, crafting democratic institutions in their favor or by capturing key political offices following democratic transitions (Acemoglu and Robinson 2008; Baland and Robinson 2008; Ziblatt 2009; Albertus and Menaldo 2018). I demonstrate how economic factors—specifically the ability to transfer co-optive labor control to democratic settings—can limit workers' ability to organize into traditional labor unions or demand material concessions from their employers. This may help explain the absence of a robust empirical relationship between democratization and reductions in economic inequality.[31]

Finally, the findings I present also contribute to an extensive literature on the causes of democratization in Argentina, a Latin American case that has received a disproportionate amount of attention in the literature on regime transitions and is the main empirical case under study in this dissertation. Much of the existing research emphasizes the importance of rising pressures from below—either from the middle-class or popular sector—in triggering democratization (Smith 1974; Botana 1977; Rueschemeyer et al. 1992; Collier 1999; Acemoglu and Robinson 2006). A more recent wave of scholarship examining this case has explored the partisan motivations that drove certain political factions to support the democratizing reforms of 1912 (López 2005; Castro 2012; Madrid 2019). My dissertation, however, reveals the importance of divisions among Argentina's *economic* elites in shaping the prospects of democratization. The theory and evidence I present suggest that elites' reliance on co-optive control in the authoritarian period critically shaped their support for democracy and enabled a regime transition in this case.

1.6 Chapter Outline

The dissertation proceeds as follows. In Chapter 2, I develop in detail my theoretical argument. Drawing on theories from historical political economy and authoritarian politics, I develop a framework to explain economic elites' preferences over democratization. The argument highlights the central explanatory role of *co-optive* labor control in leading elites to support democratic transitions. The chapter first describes the strategies of co-optive

[31] See Acemoglu et al. (2015) or Scheve and Stasavage (2017) for a review of the empirical research examining this relationship.

and repressive labor control and outlines the tradeoff between the respective costs of their implementation and their effectiveness in controlling labor. The relative weight economic elites assign to the distinct components of this tradeoff determines which strategy of control they pursue.

Chapter 2 then turns to the role of labor control in shaping elite opposition to or support for democratization. Repressive control, which implies the threat or use of force, is difficult to maintain following a regime transition because democratic governments are unlikely to tolerate the use of violence against labor. Elites who depend on this strategy also struggle to shift to a strategy of co-optive control due to their adversarial relationships with workers. They are thus likely to be especially sensitive to concerns about losing control over labor under democracy. Co-optive control, in contrast, does not rely on force and is easier to transfer to democratic settings. Elites who rely on this strategy can maintain labor control under democracy. Not only does this reduce the risks associated with democratization, but also provides these elites with a comparative economic advantage over elites who previously relied on repression, as these latter elites are likely to face labor disruptions following democratization. Elites who invest in co-optive control under authoritarianism are thus more likely to support democratization.

The remaining chapters provide empirical support for each step of my argument from the primary empirical case under study: Argentina. I draw on a wide range of source material including official government statistics and administrative data, congressional debates, historical electoral data, and newspaper reports from the period. I also rely on unpublished archival documents, original census rolls containing individual-level data, the private papers and correspondence of prominent economic elites, and publications from social organizations, as well as secondary historical accounts of the period.

Chapter 3 investigates elite investments in co-optive labor control in Argentina at the turn of the twentieth century. The chapter first provides a historical overview of the strategies of labor control economic elites pursued in the nineteenth century, documenting the high costs of pursing repression under authoritarianism in this setting. It then examines a natural experiment to assess variation in elites' pursuit of co-optive control across Argentina. The natural experiment exploits random variation in the relative cost of repression based on whether or not elites were included in Argentina's authoritarian ruling coalition. In 1902, elites in roughly half of Argentina's departments were randomly assigned through a lottery to select authoritarian legislators, granting them greater access to the state's repressive resources and thus dramatically reducing the cost of repression. These elites were suddenly much more likely to invest in repression due to the exogenous reduction in the cost of employing this strategy of control. In the country's remaining departments, elites were excluded from the authoritarian government and the cost of repression remained high. I provide evidence that excluded elites relied on co-optive control through an analysis of the Patriotic League (*Liga Patriótica*), a pro-elite societal organization whose primary objective was labor control. I show that local chapters of the League were more likely to prioritize co-optation in places where elites were excluded from the authoritarian government.

In Chapter 4, I analyze the role of co-optive labor control in shaping support for

democratization among Argentina's economic elites at the turn of the twentieth century. After first documenting the growing divisions among elites over the issue of democratization, I examine the main hypothesis of interest: that elites who depend on co-optive labor control are more likely to support democratization. I construct a novel measure of elites' local-level support for democracy: the formation of committees in favor of the pro-democracy political movement that gained momentum in 1910 and whose leader, Roque Sáenz Peña, ultimately oversaw the passage of democratization in 1912. I show that places where elites relied on co-optive labor control were more likely to experience the formation of pro-democracy committees. I then provide evidence that, in the period immediately following the passage of democratizing reforms, the state refused to provide elites with repressive resources for the purposes of labor control. I also show that economic elites who previously exercised co-optation, due to their exclusion from Argentina's ruling coalition, exercised greater control over workers under democracy than those elites who previously relied on repression.

Chapter 5 turns to the enduring consequences of co-optive control under democracy, examining how Argentinean elites who pursued co-optation were able to limit workers' ability to demand and mobilize for material concessions in the decades after democratization. The chapter first traces the paths of two neighboring sugar towns in the province of Tucumán: Los Ralos, where elites relied on repression in the authoritarian period, and Bella Vista, where elites employed co-optation. In Los Ralos, the adversarial relationship that emerged between elites and workers led to regular labor conflict in the decades following democratization and elites were forced to make a series of material concessions to workers to avoid disrupting economic production. In contrast, elites in Bella Vista were able to maintain control over labor and prevent workers from either leaving in search of better employment or striking for improved working conditions. It was not until the mid 1940s, after the military temporarily took control of the state and began to disrupt these enduring co-optive arrangements, that co-opted workers mobilized against elites.

Chapter 6 concludes with a discussion of the main findings of the dissertation, their generalizability, and the broader theoretical implications of disaggregating distinct forms of labor control in both authoritarian and democratic regimes. It first briefly examines the argument in comparative perspective, with a particular focus on other cases in Latin America. It then assesses the generalizability of the theory put forth in the dissertation. Finally, it concludes with a discussion of the tension between co-optive control's role in promoting democratic transitions, on the one hand, and in allowing elites to protect their material interests after democracy is adopted, on the other. In this respect, while co-optive control may facilitate the adoption of democracy, it may also curb the degree to which democratic institutions enable workers to improve their living and working conditions.

Chapter 2

Elites, Labor Control, and Democracy

2.1 Introduction

Scholars have long noted economic elites' key role in democratic transitions. Elites are generally thought to fear democratizing reforms because of the potential ways in which these regime transitions can empower the popular sectors (see e.g. Moore 1966; Acemoglu and Robinson 2001, 2006; Boix 2003; Luebbert 1991; Rueschemeyer et al. 1992). Yet, as discussed in the preceding chapter, elite support for and opposition to democratization is often highly uneven. While some elites oppose the adoption of democratic institutions—as much of the existing literature would lead us to expect—others have historically embraced democracy. Why do some economic elites support democratization, while others oppose?

In this chapter, I develop a theoretical framework to explain this variation in elite preferences over democratization. The argument centers on the ways in which elites exercise control over labor. The next section outlines the critical importance of labor control to elites' economic activities and describes the two strategies of control they can pursue over their workers. The first of these strategies is *repressive* control, which relies on the use of force to compel labor to accept terms of employment that further elite interests. The second strategy is *co-optive* control. Rather than employing brute force, this strategy instead relies on the provision of selective benefits to workers that simultaneously allow elites to monitor labor and to persuade workers to submit to elite interests. As I describe in more detail below, the reliance of individual elites on repressive or co-optive labor control can vary, even when they are engaged in otherwise similar economic activities.

I then argue that the distinct strategy of labor control elites pursue under authoritarianism gives rise to variation in their support for democratization. The ability to use repressive control is highly constrained under democracy, a political regime that empowers the popular sectors and is thus generally less tolerant of the use of force against workers. In comparison, co-optation can be more easily transferred to democratic settings since the provision of private benefits to workers is not impeded by democratic institutions. Elites who pursue co-optation may also have comparatively lower labor costs under democracy since they are able to retain their labor force without making further concessions to workers.

Co-optation thus reduces the risk associated with a democratic transition and confers a competitive advantage to elites who pursue this strategy. Elites who rely on co-optive control are thus more likely to support the adoption of democracy. The remainder of this chapter develops this theoretical framework in further detail.

2.2 Strategies of Control over Labor

Labor control—defined as the ability to constrain workers' autonomy, e.g. by limiting their mobility or by preventing them from withholding their labor through strikes and other actions that disrupt economic production—has historically been a central preocupation of economic elites.[1] Exercising labor control was front of mind for elites of all stripes in the nineteenth and twentieth centuries, for example, ranging from landlords in Chile's Central Valley and Prussian Junkers in Europe, to industrial magnates in Buenos Aires and New York.[2]

The returns elites can reap from labor control are well documented. Constraining the mobility of workers ensures an abundant workforce, thereby reducing labor costs (Moore 1966; Gerschenkron 1943; Huber and Stephens 1995; Mares 2015; Albertus 2017). Similarly, preventing workers from withholding their labor allows elites to dictate terms of employment that are favorable to elites. Exercising labor control can also prevent workers from destroying the machinery and/or goods involved in economic production as well as from mobilizing to claim resources, such as land, that are central to elites' economic activities. Labor control thus lowers the costs of economic production, directly furthering elites' material interests.

Labor control can be established through several mechanisms. It can arise through brute force, for example when employers rely on a coercive security apparatus. Control can also be established through other forms of coercion, such as slavery, that entrap workers in arrangements that are difficult—if not impossible—to unilaterally break. There also exist other, less-studied mechanisms of control that do not necessarily depend on coercion. Instead, these alternative forms of control rely on the provision of benefits that compel workers to submit to elite interests. A classic example of this variety is the company town of Hershey, Pennsylvania, where workers were provided housing, a school, and many other amenities that facilitated company control of their labor (Kurie 2018: 41). As the company's founder, Milton Hershey stated in 1937, "In my thirty-three years here, I have never had labor trouble. I have constantly been on the side of labor, and I think this place [the company town] is evidence of that" (Bird 1937a: 3).

Broadly speaking, these distinct mechanisms correspond to one of two strategies of labor control available to economic elites. The first is a strategy of *repressive* control based on the use of force, or the threat of its use. This strategy of control requires a security apparatus that can be mobilized against workers. Once in place, the threat of force is generally sufficient to dissuade workers from mobilizing to challenge elite interests; the probability-weighted

[1] This definition builds on the concept of control outlined in Dahl (1982: 16-17).

[2] See e.g., Bauer (1995: 27) and Ziblatt (2017: 113).

benefit of doing so rarely outweighs the almost certain cost that repression would bring to bear on workers who participate in such actions.

Perhaps the most extreme form of repressive control is slavery, which completely restricts the actions and mobility of workers through coercive means. Another classic example is a security outfit or similar coercive apparatus that can be quickly deployed when called upon. Forms of debt peonage, in which elites rely on the use of force to compel workers to pay off debts through unpaid labor, are also mechanisms of repressive control.[3] All of these mechanisms of control share a reliance on force to, for example, inhibit workers from leaving their place of employment or withholding their labor to secure better working conditions.[4]

Alternatively, elites can also pursue a strategy of *co-optive* control. This strategy of labor control does not rely on the overt use of force. Instead, it involves the provision of resources that partially benefit workers but are structured to simultaneously facilitate employer monitoring and influence over workers' activities and to encourage workers to accept constraints on their behavior. In this respect, although the benefits conferred through co-optive control advantage workers in certain domains, they also constrain workers' behavior. Pro-elite labor organizations, or "company unions," are a prime example of this strategy. To incentivize membership in these organizations, elites can offer nominal benefits to workers that come at little cost to elites themselves, such as the ability to pool members' resources to insure against injury or death. Meanwhile, as the leaders of these organizations, elites can directly monitor members' activities, prohibit them from engaging in strikes, and encourage them to support pro-elite employment policies. In early-twentieth-century France, for example, the company union founded by mine owner Eugène Schneider directly facilitated control over miners by, among other activities, ensuring that only workers loyal to the company were selected for prominent positions on the shop floor, thereby blocking members of the traditional labor union from obtaining these positions (Reid 1985: 604). Workers who joined Schneider's organization were granted favorable economic treatment in exchange for their membership (Stearns 1968: 485). Similar organizations were formed across Europe, the United States, and increasingly Latin America, in the nineteenth and twentieth centuries (see e.g., Dinius and Vergara 2011).

Co-optive control generally operates through three complementary channels. First, it allows elites to monitor workers' activities, inhibiting their coordination and making it

[3]Employed historically across many parts of the world, debt peonage prevents workers from leaving their place of employment or withholding their labor to secure better working conditions. Workers often become indebted through advances of either money or goods.

[4]Repressive control often benefits from a policy environment that either explicitly legalizes labor coercion or implicitly allows for it to occur. Slavery, for example, is in many cases sustained through a legal system that legitimizes and protects the ownership of individuals. Historically, debt peonage was a government-sanctioned system of control that was supplemented with anti-vagrancy laws and other legal constraints that restricted labor mobility and legally bound indebted workers to their employers (see e.g. Loveman 1979: 481-482). Even private security outfits require tacit permission from the state, which generally exercises a monopoly over the use of force within its territory (Weber 2004). Yet, as will be discussed in more detail below, while a permissive policy environment may allow repression to occur, that does not imply that elites will necessarily employ this form of labor control.

more difficult to threaten elite material interests. Housing on elite property, for example, keeps workers in areas that elites and their agents can easily surveil. Pro-elite social and labor organizations similarly create spaces beyond the formal work environment through which elites can supervise workers' activities. Second, co-optive control establishes reciprocal bonds between elites and workers that reinforce existing social and economic hierarchies, thereby reducing the likelihood workers will challenge elite interests.[5] For example, elites often support minimal social services or sponsor recreational and religious activities that strengthen their ties to workers beyond the economic sphere and foment a sense of mutual obligation among workers. Finally, co-optive control shapes workers' information environment. Through the dissemination of pro-elite messaging, elites can manipulate workers' information environment to legitimize the existing economic status quo and discourage workers from withholding their labor or otherwise engaging in activities that threaten elites. Classic examples along these lines include leveraging elite-led labor organizations to spread information about the costs associated with joining a traditional labor union or to underscore the risks and pitfalls of seeking employment elsewhere. Through these channels, co-optive control constrains workers' ability to act in ways that run counter to elite interests.

As the above discussion suggests, this strategy does not rely on overt repression. Rather, it represents a less direct form of control that is sustained through a bargain—albeit often implicit—between elites and workers in which elites make minimal concessions to workers and, in exchange, workers accept elite control over their actions.[6] This bargain is inherently unequal, as the concessions workers receive never outstrip the returns to elites of exercising labor control.[7] Through co-optive control, elites are thus able to manipulate workers' behaviors and, in some cases, even their attitudes, to promote outcomes that are aligned with elite material interests.

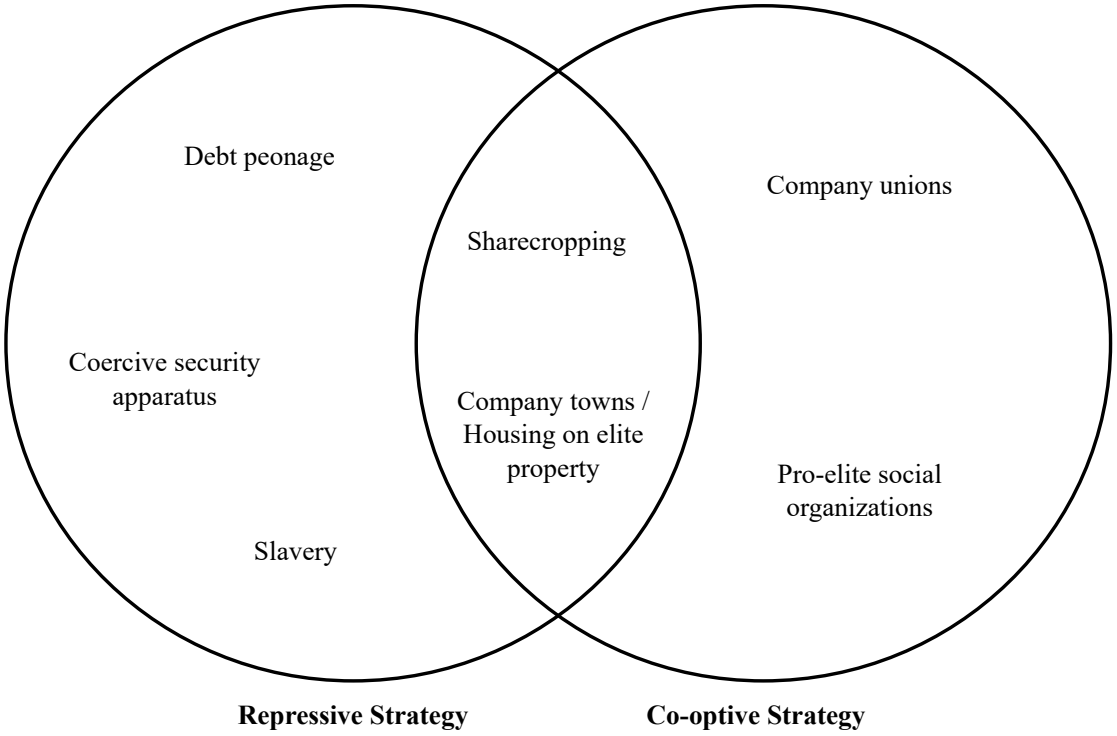
Notably, some mechanisms of control can be employed to exercise either the strategy of repression or co-optation. A good example of these adaptable mechanisms are company towns, in which elites own nearly all buildings and businesses in a locality that is isolated from the outside world. These towns are well suited to co-optive labor control—they provide housing and other services attractive to workers and their families that tie the community to elites and provide channels to monitor workers and prevent them from organizing collectively. Returning to the example of the company town of Hershey, workers and their families "expressed a deep sense of gratitude" for the many benefits they received from the Hershey Company, which included housing, a school, and recreational facilities, among other amenities (Koonar 2018: 343). Many workers remained loyal to the chocolate company when a

[5]While these bonds between elites and workers are reciprocal in the sense that they involve an exchange, they are by no means equal. Indeed, one of their key characteristics is their imbalance in favor of elites.

[6]Co-optive control is consistent, in some respects, with the corporatist patterns of state-labor relations described in Collier and Collier (1979). In this framework, corporatism is conceptualized as a mix of "inducements" and "constraints" that, together, lead workers to comply with the state (969). In comparison, repressive control relies on the use of force to control workers and thus implies—to use the language of Collier and Collier (1979)—the imposition of this particular constraint with few to any inducements.

[7]Indeed, as described above, the benefits that elites concede to workers actively facilitate labor control.

Figure 2.1: Repressive and Co-optive Strategies of Labor Control



sit-down strike was attempted in Hershey in 1937, forcibly removing strikers from the factory and demanding a return to work (Bird 1937b: 1). Meanwhile, the company-provided amenities facilitated monitoring of workers and other town residents, including such mundane details as workers' maintenance of their homes and the transportation they took to work Koonar 2020. A resident of Hershey noted in hindsight that the company's founder, Milton Hershey, closely supervised the growth of the town and if anything did not personally suit him, he changed it.[8] It is worth underscoring that control in Hershey did not rest on the use of violent coercion; as late as the 1930s, the town did not even employ a police force (Koonar 2020: 114). As Milton Hershey described, "This is a wholly free community. People can buy or not buy in my stores, they can buy my products or not, just as they like. But they buy them, and for the reason that they find it in their best interests" (interview in Bird 1937a: 3).

Yet, company towns are also conducive to repressive control. Their relative isolation from the outside world can, for example, allow elites to directly control the local police or maintain a private security force that operates with relative impunity within town borders. This was commonplace throughout the state of Pennsylvania, in the United States, where a

[8]"Wallace Interview with George Gerth" 1956, Wallace Research Collection; 97004; B11; F18, Hershey Community Archive; originally cited in Koonar 2020: 36

law passed in 1866 granted official recognition to privately funded police forces in coal and mill towns for a nominal fee (Pegram 2021: 154). These private security outfits, referred to as "coal and iron police," exercised full authority under the law within their jurisdiction with little state oversight, often leading to the brutal suppression of workers. As one study regarding the formation of the coal and iron police described:

> This supplementary act marks the origin of the coal and iron police ... a close approximation to feudal retainers and a return to medieval conditions of virtual peonage and dependence for miners in isolated company patches which were legally within the Commonwealth but which functioned as separate social, industrial, and political units as far as occupants of company houses were concerned (Shalloo 1933: 60).

Company towns can thus be employed in the exercise of either repressive or co-optive labor control.

Figure 2.1 displays the suitability of different mechanisms of control for the strategies of co-optation or repression. While some mechanisms are conducive to one particular strategy of control, others—such as company towns and sharecropping arrangements—can be adapted to the exercise of either. Whether elites rely primarily on co-optive or repressive labor control ultimately depends on how they resolve a tradeoff associated with the costs and benefits of each strategy. In the next section I describe this tradeoff in detail and outline some of the dynamics that might lead economic elites to pursue one strategy over the other.

2.3 Choosing Co-optive or Repressive Labor Control

Economic elites face a tradeoff between co-optive and repressive strategies of labor control. Repressive control is highly effective at controlling labor, but deeply costly. Employing this strategy of control, which relies on the use of force, requires a serious and sustained investment of resources. This is true even if the threat of repression alone is generally sufficient to exercise labor control—elites must demonstrate that they *could* deploy force, if necessary, in order for the threat of repression to be credible. Yet, because it is so heavy-handed, and thus poses such steep consequences to workers if exercised, repressive control tends to be effective at constraining workers' behavior.

The high costs and effectiveness of repressive labor control are evident across the distinct mechanisms of control that constitute this strategy, albeit to varying degrees. Take, for example, the case of slavery. While extremely restrictive of labor's movement and activities, slavery is accompanied by an extensive coercive apparatus that requires substantial resources to create and maintain. Other mechanisms of control imply a comparatively less systematic and encompassing coercive apparatus, though they still require many resources and greatly restrict workers' activities. Debt peonage is a notable example in which workers may be comparatively less constrained than in the case of slavery since they can, at least in theory, repay the debts that bind them to economic elites. Moreover, since this mechanism of control relies partially on debts, it generally requires comparatively fewer expenditures than

many other forms of repressive control. Overall, however, despite some variation in terms of degree, these mechanisms of repressive control are all highly effective in constraining workers' actions and deeply costly.

The costs and benefits of co-optive control, in contrast, are comparatively lower. This strategy of control does not involve the use of force to compel workers to submit to elite interests, but rather relies on obtaining worker buy-in to institutions that legitimize the economic status quo, cultivate a degree of loyalty to employers, and facilitate the monitoring of workers. Since co-optive control prioritizes winning workers' hearts and minds over the overt use of force, it is unlikely to alienate labor. It thus requires fewer resources than those needed to constantly sustain the threat of violence, making it a less costly alternative to repressive control. Yet, co-optive control is comparatively less effective than its repressive counterpart. Because it requires worker buy-in, it implies an ever-renewing bargain that entails some degree of quasi-voluntary commitment on the part of labor. If workers no longer accept the terms of this bargain it can break down, undermining elites' ability to exercise control.

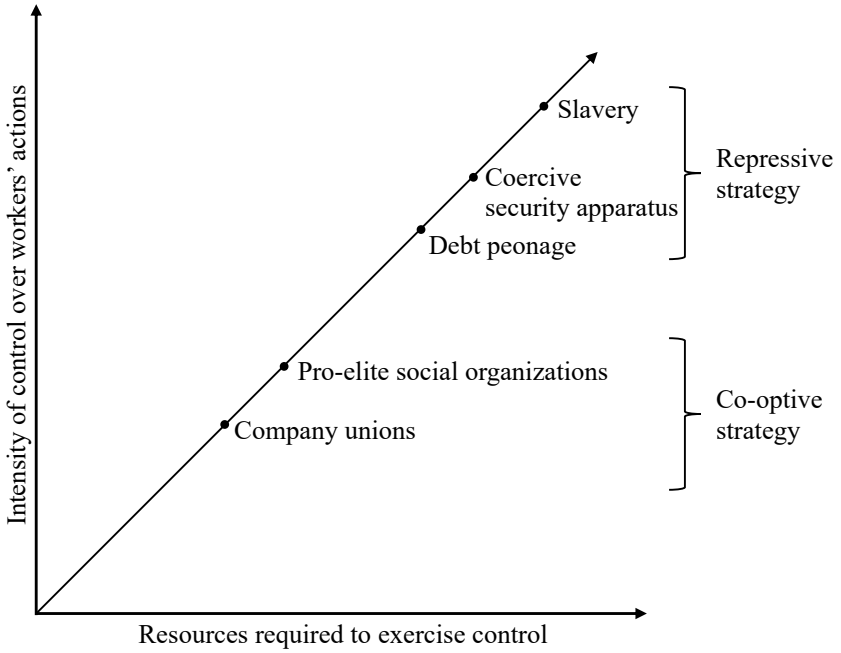
Different mechanisms of co-optation reflect this strategy's comparatively lower costs and effectiveness to varying degrees. Perhaps the least costly is the formation of a company union. These labor organizations often require relatively little direct funding from elites, potentially serving as little more than vehicles through which workers can pool their resources as a form of insurance.[9] However, it may be possible for workers to voluntarily leave company unions or resist joining them altogether. Moreover, company unions' realm of influence is generally limited to the workplace and does not extend to workers' private lives. As a result, while this form of control is not especially costly to elites, it is also not particularly robust. Comparatively, pro-elite social organizations tend to be slightly more costly in so much as they are likely to entail the provision of greater support to participants—e.g. educational activities and welfare programs—and may involve sponsoring recreational events and other schemes to attract workers and their families. Through the ties they develop with workers in the private sphere, however, they are likely to engender more effective influence over labor as compared to company unions.

Figure 2.2 displays the distinct costs and benefits of the mechanisms that constitute co-optive and repressive labor control. Notwithstanding variation among the different mechanisms of control within each strategy, repressive control is both more costly and more effective than co-optive control. The sustained investments in the coercive apparatus that undergird repressive control make it deeply costly and highly effective. In comparison, co-optive control requires fewer inputs to sustain because it prioritizes legitimizing the status quo and fomenting loyalty to elites through a bargain that depends on worker buy-in. However, the reliance on workers' participation in this bargain, rather than the use of force, makes co-optation relatively less effective than repression.

The same characteristics that shape the costs and effectiveness of co-optive and re-

[9]Company unions may, in some cases, provide additional services to workers. To partially offset the costs of these services, elites often impose fees as a condition of membership.

Figure 2.2: The Tradeoff between "Ideal Types" of Repressive and Co-optive Strategies of Labor Control



pressive labor control, respectively, also make them difficult to employ in tandem with one another. Precisely because co-optation requires worker buy-in, it is difficult to employ in tandem with repressive control. The use of force—or the threat of its use—undermines existing forms of co-optive control because it foments an adversarial relationship between elites and workers, making workers less willing to sustain the bargain that co-optive control entails.[10] Therefore, while in theory individual elites could pursue a mixed strategy of both repressive and co-optive control, in practice these are not generally complementary strategies. While elites may often employ multiple forms of *either* repressive or co-optive control, they are unlikely to employ both.[11]

Thus, co-optation and repression are generally distinct and mutually exclusive strategies of labor control.[12] While repressive control is highly effective, it is also very costly to elites. In comparison, co-optive control is both less effective and less costly. The particular

[10]Similarly, workers who have previously experienced repression are less likely to enter into these bargains in the first place. It is thus easier for elites to transition from co-optive to repressive control, rather than vice versa. I describe this challenge in more detail in the following section.

[11]Indeed, mechanisms of control within each of these strategies are generally good complements to one another. Examples include the use of a company security force in tandem with debt peonage on the repressive side, and employing both company unions and pro-elite social organizations as part of a broader co-optive strategy of control.

[12]That repression is difficult to employ in tandem with co-optation is generally consistent with other schol-

reason elites pursue either a co-optive or repressive strategy of labor control can arise from a variety of factors that shape the salience of this tradeoff. In contexts of labor scarcity, for example, it is difficult to replace workers who withhold their labor—either by seeking other employment or going on strike. Elites may thus prioritize retaining their workforce, leading to a choice of repressive control.[13]

Alternatively, in the periphery, workers are far removed from large cities where traditional labor unions tend to be concentrated and their geographic isolation makes them comparatively less mobile. Elites in these contexts may be less concerned about the threat of workers withholding their labor and instead prefer to reduce the costs of exercising control, opting for a strategy of co-optation.[14] This was the approach taken in 1926, for example, when the US firm Anaconda Copper Company built a co-optive company town around a recently purchased mine in remote Potrerillos, Chile, believing that "good working and living conditions and a controlled environment would have a positive effect on production, reduce labour [sic] unrest and improve workers' efficiency" (Vergara 2003: 390).

Conflict among rival economic elites may also shape the salience of the tradeoff between co-optive and repressive strategies of labor control. When elites engage in armed conflict with rivals over scarce material resources, they may depend on their workforce to protect their economic interests. Co-optation can increase elites' ability to recruit workers to their cause since it strengthens ties with labor and induces loyalty to elites. This increases the returns to exercising co-optive control without raising its costs, and may lead elites in such contexts to pursue this strategy over repression. These dynamics were evident in nineteenth century Uruguay, where elites regularly raised local militias to protect their economic interests from rival elites and often recruited from among their workforce. As López-Alves (1993) describes: "the need for protection from bandits and other ranchers demands a watchful staff to ensure that herds can expand without reinvestment ... and can help alleviate the threat of cattle hunters, while at the same time making raids upon the cattle of others" (58). Repressing workers risked not only weakening elites' ability to ward off attacks from their rivals, but also alienating the very pool of recruits upon which their militias relied. Indeed, in Uruguay "*hacendado-caudillos*," or "landowner-strongmen" were deeply concerned with cultivating workers' loyalty in order to ensure the strength of their private militias (López-Alves 1993: 58-59).

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arship that examines forms of control that can be exercised over workers, as well as organized labor. In their analysis of state-labor relations, for example, Collier and Collier (1979) suggest repression is not generally accompanied by inducements that might otherwise encourage organized labor to accept state control (976-977; 979).

[13]This expectation is consistent with other work, both formal and empirical, that suggests greater demand for labor increases elites' reliance on the coercion of workers (see e.g. Acemoglu and Wolitzky 2011; Naidu and Yuchtman 2013). It is, importantly, distinct from arguments about the relationship between labor scarcity and *electoral* repression (see e.g. Ardanaz and Mares 2014).

[14]Labor scarcity in geographically isolated regions may modify elites' calculation—as described above, labor scarcity may make it harder to replace workers who withhold their labor. However, where there is a sufficiently large pool of local workers to draw from, geographic isolation should reduce elite concerns about labor-related disruptions in economic production and lead them to favor co-optation over repression.

A final factor that can shape the tradeoff between co-optive and repressive control—which I discuss at length in this dissertation—involves political dynamics, specifically ties to authoritarian governments. For institutional, structural, or idiosyncratic reasons, some economic elites have stronger ties to the state than others and are thus more reliably able to access state resources and influence state policies. Authoritarian governments, for example, have often provided elite insiders with access to the state's repressive resources, including troops from the military or the national guard, weapons, and other repressive tools at the state's disposal (see e.g. Moore 1966). These insiders can also secure state policies that are crafted to further their repression of labor.[15]

Elites who can rely on this state assistance bear fewer, if any, of the costs associated with repressive control, making this strategy particularly attractive. In northern Chile in the latter half of the nineteenth century, for example, owners of nitrate mines and other local notables regularly requested and received military support to control workers. As one local official relayed to his superiors, "[it is] strictly necessary to have . . . the presence of someone who is respected who could, at any given moment, suppress the unrest of the miners" (originally cited in Grez Toso 2000: 154). This state support allowed mine owners, railroad barons, and shipping magnates in the region to rely heavily on a strategy of repressive labor control at little personal cost (see e.g. Fernández 2010: 62-63; Monteon 1979: 69).

Hence, a variety of economic and political factors can influence elites' pursuit of either co-optive or repressive labor control. The prevalence of authoritarian regimes across time and space, as well as their ability to facilitate repression, makes ties to authoritarian governments especially critical in determining which strategy of control elites employ. Absent these ties, repression is deeply costly and elites are thus generally more likely to pursue co-optive control. The empirical chapters that follow thus focus on variation in these ties—which in the empirical context studied here was determined exogenously—to examine elite investments in either repressive or co-optive strategies of labor control. As I argue in the next section, the particular strategy of control upon which elites ultimately rely shapes not only their relationship with labor, but also their support for democratization.

2.4 Labor Control and Elite Support for Democratization

I argue that whether elites pursue co-optive or repressive strategies of labor control critically shapes their preferences over democratization and, as a consequence, plays an important role in shaping the prospects of a democratic transition. A central concern of elites when weighing democratization relates to their ability to exercise labor control following a

[15]Laws that legalize slavery, for example, often include geographic restrictions that dictate where slavery can operate and rules that determine who can be legally enslaved—based on e.g. their race or religion. This occurred in the United States, for example, where the Missouri Compromise geographically circumscribed the practice of slavery. Similarly, in Brazil, laws adopted in the latter half of the nineteenth century that prohibited the slave trade and stipulated which individuals could be legally enslaved made it difficult to rely on this form of repression in newly productive regions of the country (Bethell 1993b: 235-237).

transition to democracy. When elites pursue a strategy of repression, they rely on the use of force to control workers. However, because democratization expands the political power of the popular sector—of which workers comprise a core component—it is difficult to exercise repressive control following such a regime transition. The popular sector's newfound political influence generally makes democratic governments less tolerant of labor repression. For the same reason, democratic governments may also be less willing, or relatively less able, to directly supply elites with repressive resources. Elites who pursue repression under authoritarianism are thus especially sensitive to concerns about losing control over labor following a democratic transition.[16] Once repressive control is lost, elites face the prospect of increased labor mobility and workers' greater capacity to mobilize together, for example in a traditional labor union, to extract concessions from elites.

In comparison to repression, co-optive control can be more easily transferred to democratic contexts. Co-optive control is based on a bargain in which elites make minimal concessions to workers and, in exchange, workers accept elite constraints on their actions. Rather than relying on the use of force, it involves the monitoring of workers' activities, the development of bonds that reinforce social and economic hierarchies, and the manipulation of workers' information environment to favor elites. Democratic governments are unlikely to disrupt these co-optive arrangements, making them easier to transfer to democratic regimes and allowing elites to retain control over workers following democratization. The ability to continue exercising co-optive control under democracy limits workers' ability to withhold their labor, thereby reducing the threat this political regime poses to these elites' material interests.

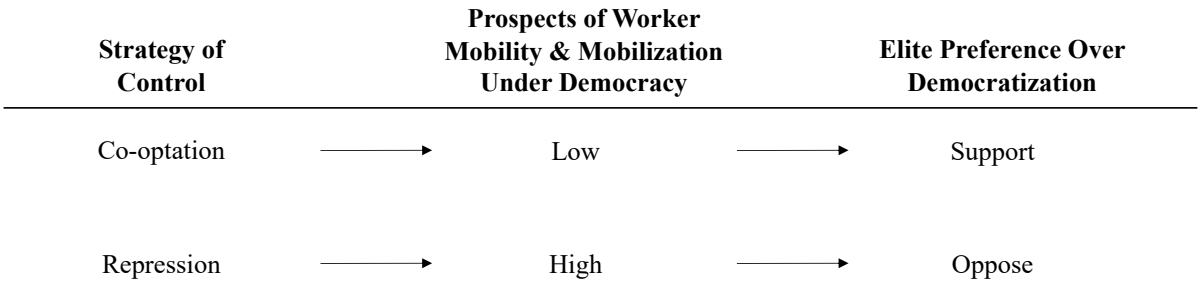
The differential capacity to exercise co-optive, rather than repressive, labor control in democratic settings also provides a key economic advantage to elites who relied on co-optation under authoritarianism. Since it is more difficult to employ repression in democratic regimes, elites who previously pursued repression are likely to experience disruptions to their productive activities following a democratic transition. These elites may have to make concessions to workers as they adjust to a setting where repressive control is less viable. In contrast, because co-optive control can be transferred to democratic settings, elites who pursue this strategy are better positioned to retain their workforce without granting additional labor concessions. This was, for example, the experience of the Chilean landowner, Ricardo Lyon, who relied on a co-optive system of land tenancy in democratic Chile to keep workers tied to his estate near the outskirts of Santiago despite more lucrative employment alternatives in the nearby manufacturing industry (Bengoa 1990: 64).[17]

For these reasons, I argue that the strategy of labor control economic elites pursue

[16]One might wonder why these economic elites do not alleviate this concern by switching to a strategy of co-optation. Section 2.4 discusses why it is difficult to switch to a strategy of co-optation in order to preserve control over workers under democracy. Moreover, even if elites are able to switch strategies, doing so would still almost certainly imply a disruption, albeit temporary, in labor control.

[17]Lyon relied on a system of land tenancy known as *inquilinaje*, in which elites provided rural workers with land and other benefits on large estates in exchange for labor and other services. For a description see e.g., Kay (1977: 106-107).

Figure 2.3: A Theory of Elite Support for Democratization



under authoritarianism plays a critical role in determining whether or not they support democratization. Elites who pursue co-optive control can continue to exercise this strategy following a regime transition, reducing the threat associated with a potential democratic transition. They also can gain a competitive economic advantage vis-à-vis elites who previously relied on repression under authoritarianism due to their ability to retain their labor force without making further concessions to workers. They are thus more likely to support a transition to democracy than elites who rely on a repressive strategy under authoritarianism.

Can Elites who Exercised Repression Invest in Co-optation?

One question that might arise, given the above discussion, is why elites who relied on repression under authoritarianism do not simply switch strategies and pursue co-optation following democratization in order to preserve their control over labor. Crucially, a prior reliance on repression makes it difficult for elites to subsequently establish co-optation. The use of force—upon which repression rests—breeds adversarial relationships between elites and workers. Just as these adversarial relationships undermine existing co-optive bargains between elites and labor, as described in Section 2.3, they also complicate the establishment of co-optation after repression has been employed. These adversarial relationships erode what loyalty workers might have to elites and make workers unlikely to trust elites as faithful negotiators of, or participants in, a co-optive bargain. Without worker buy-in, co-optation cannot emerge. Elites who previously employed repression thus struggle to switch strategies and pursue co-optive control.

Even when it is possible to shift from repressive to co-optive control, doing so in the aftermath of a democratic transition is more costly than establishing this form of control under authoritarianism, putting these economic elites at a comparative disadvantage. There are two, interrelated reasons for this. First, co-optation takes time to develop. Co-optive control implies providing resources to workers while simultaneously constraining their behavior. Often, these complex arrangements do not emerge from one day to the next, but

instead require careful planning and take time to come to fruition. Company towns, to take perhaps an extreme example, imply extensive planning and almost certainly a lengthy period of construction before they can be employed to perpetuate labor control. In the time that elapses from the moment elites stop employing repression until co-optive arrangements can be implemented as a viable substitute, elites risk worker attrition and mobilization. This results in comparatively higher labor costs for these elites as compared to elites who did not previously invest in repression.

Second, the delays associated with establishing co-optive control after democratization also strengthen workers' bargaining position, forcing elites to make greater concessions when negotiating co-optive bargains. Under democracy, elites who previously relied on repression face a transformed labor landscape in which workers have newfound political influence and—because repression is more difficult to employ in democratic contexts—are in a stronger position to extract greater concessions from elites as part of co-optive arrangments. Workers are better positioned, for example, to leave in search of alternative employment or mobilize through traditional labor unions. The co-optive control that emerges in democratic settings is thus likely to be more costly to elites than the co-optive control that is transferred from the authoritarian period.

2.5 The Enduring Impact of Co-optive Control in Democracy

Yet, while co-optive labor control may increase elite support for democratization, it can also limit the degree to which the democratic regime that is ultimately adopted improves workers' material well-being. Since co-optation can be transferred to democratic settings, it is likely to limit conflict between elites and workers and make workers less likely to secure material concessions that benefit them at the expense of elites. One reason for this is that co-optation makes it difficult for workers to organize collectively to challenge elite interests. Where co-optive control is exercised, elites can monitor workers' activities to prevent them from joining traditional labor unions or coordinating around shared redistributive preferences, for example. In addition to reducing workers' collective action capacity, co-optive control also strengthens their commitment to the economic and social status quo. As a result, co-opted workers in democratic settings are less likely to express demands that threaten elite interests in the first place. In this respect, although co-optive labor control may improve the prospects of democratization, it also constrains the degree to which democracy can lead to a meaningful change in the lives of co-opted workers.

In contrast, workers who previously experienced repression under authoritarianism can take advantage of their newfound agency in the democratic period to improve their material well-being. Since violent repression is generally not feasible in democratic settings and these workers are likely to resist the imposition of co-optive arrangements due to their adversarial relationships with elites, labor control is unlikely to be sustained in the democratic period. These workers are thus well positioned to mobilize to secure greater pay, improved working conditions, and other concessions from elites and, possibly, the state.

Over time, these divergent paths may culminate in something akin to a reversal of fortune. While co-opted workers may be comparatively better off under authoritarianism—due to the minimal benefits granted through co-optive arrangements and the fact that they are not violently repressed—under democracy they are likely to secure fewer material concessions than those workers in areas with a history of labor repression.

2.6 Conclusion

This chapter has developed a theoretical framework to explain variation in elite preferences over democratization that is grounded in elite-labor relations, and specifically the strategies of control elites pursue over their workers. The ability to transfer co-optation to democratic contexts reduces the risks of losing control over labor under democracy and presents key economic advantages to those elites who cultivated this form of control under authoritarianism. These elites are thus more likely to support a transition to democracy. In comparison, it was generally much more difficult for elites who relied on repression under authoritarianism to transfer this form of control to democratic contexts, making them more likely to oppose a regime transition.

My theoretical framework differs in important ways from two recent approaches that seek to explain variation in elite preferences over democratization. Theories of regime transition that emphasize labor dependence, such as classic accounts by Gerschenkron (1943) and Moore (1966), suggest that labor-dependent elites oppose democratic transitions due to fears that democracy will erode the social hierarchies and political mechanisms that guarantee elites' profits and social standing. Yet, this work ignores the distinct strategies of control that economic elites can exercise over their workforce. Taking these strategies of control into account allows me to generate different empirical predictions about economic elites' preferences over democratization. As I argue, the strategy that elites pursue under authoritarianism critically shapes their assessment of the risk and benefits associated with democracy. While elites who rely on repression indeed may be likely to oppose regime change, elites who instead invest in co-optation can anticipate maintaining labor control following a transition and securing a comparative advantage in the retention of their workforce. They are thus more likely to support democratization.

The argument I develop also differs from accounts that underscore the threat of the redistribution of elites' immobile assets as driving their preferences over democratization. A large body of research in this tradition argues that immobile assets, which are difficult to shield from redistribution in democratic regimes, lead elites to oppose the adoption of democracy.[18] I suggest, however, that co-optive labor control can lower the redistributive threat democracy poses to these elites by providing them with channels to curb workers' redistributive demands and thwarting the formation of redistributive organizations such as

[18]See e.g. Acemoglu and Robinson (2000, 2006); Boix (2003); Ziblatt (2008). This scholarship builds on the logic of the Meltzer and Richard (1981) model, arguing that democracies are inherently redistributive in unequal societies because they lower the wealth of the median voter.

labor unions. This can explain why elites with otherwise similar asset portfolios may diverge in their preferences over democratization.

The argument elaborated in this chapter informs the empirical analysis in the remainder of the dissertation. In the chapters that follow I provide evidence in support of each step of the argument from the primary case under study: Argentina. I first investigate the prevalence of co-optive control in the nineteenth and early twentieth centuries. The present discussion suggests that a key factor shaping the strategy of labor control elites pursue is their access to the authoritarian state's repressive resources; absent this support, the costs of repression are generally difficult for elites to shoulder individually and they are thus more likely to invest in co-optive control. Consistent with this expectation, I document the crucial influence of elites' exclusion from Argentina's authoritarian government historically in leading them to pursue co-optive labor control. Consistent with this expectation, I show that elites were were excluded from Argentina's authoritarian government were more likely to pursue co-optive labor control.

Building on this analysis, I then demonstrate that Argentinean elites who pursued co-optive labor control—due to their exclusion from Argentina's authoritarian government—were indeed more likely to support democratization. In line with the expectations outlined here, I also provide evidence that these elites were able to transfer this strategy of labor control to Argentina's democratic period.

In the final empirical chapter, I demonstrate the enduring impact of co-optive control in the democratic period and its role in constraining the degree to which democracy leads to a meaningful change in the lives of co-opted workers. A key implication of the above argument is that, because co-optive control can persist under democracy, it limits workers' ability to make demands on, and extract material concessions from, economic elites. In Chapter 5 I show that, where co-optive control persisted in the aftermath of Argentina's democratic transition, workers were less likely to challenge elites and struggled to mobilize to secure greater pay, improved working conditions, and other concessions from which they would benefit. In the next chapter, I turn first to the decision of Argentinean elites to invest in co-optive control.

Chapter 3

Economic Elites and Co-optive Labor Control in Argentina

The theoretical framework developed in the previous chapter suggests economic elites face a critical tradeoff under authoritarianism between co-optive and repressive labor control—while repression is deeply costly and highly effective, co-optation is comparatively less costly and less effective. This chapter explores how economic elites resolved this tradeoff in Argentina at the turn of the twentieth century, a case in which the cost of repression that elites bore directly varied exogenously under authoritarianism, and ultimately played a critical role in shaping whether or not elites invested in the co-optation of workers.

The chapter first documents the importance of exercising labor control to Argentinean elites' productive activities. It then describes the different strategies of control—co-optive or repressive—that elites could employ in Argentina at the turn of the twentieth century. In the next section, I introduce a natural experiment to examine variation in elites' investments in co-optive labor control across Argentina's territory. The natural experiment exploits random variation in the relative cost of repression based on whether or not elites were included in the authoritarian ruling coalition. In Argentina, some elites experienced an exogenous reduction in the cost of repressive control when they were selected through a lottery to choose a representative to serve in Argentina's authoritarian legislature. These elites, who were included in Argentina's ruling coalition, could rely on state resources to subsidize the cost of repression. Other elites, who were not selected through the lottery, were excluded from the ruling coalition and the cost of repression remained high. I show that these excluded elites were more likely to invest in co-optive labor control.

3.1 Economic Elites and Labor at the Turn of the Twentieth Century

By the turn of the twentieth century, a well established group of economic elites had emerged across Argentina. The most prominent were large landowners in the province of Buenos Aires. These estate owners engaged in a variety of economic activities, ranging from

raising sheep and cattle to farming wheat, corn, and alfalfa (Conde 1986: 349).[1] Pastoral and agricultural activities also predominated in neighboring provinces, such as Córdoba, Santa Fe and Entre Ríos, with perhaps a slightly greater emphasis on the cultivation of crops for export rather than raising cattle.[2] In the remaining interior provinces, landed elites oversaw a variety of agricultural activities geared toward the growing domestic market, most prominently the cultivation of grapes for wine and sugarcane to be refined into sugar.[3] Elites throughout the interior also engaged in a number of secondary agricultural activities, such as the harvesting of *yerba mate* and *quebracho* (a hardwood exported to Europe) in Santiago del Estero, Catamarca, and Corrientes (Rock 1986: 404).

Meanwhile, in Argentina's cities, a nascent industrial elite was gradually establishing a presence in the national economy.[4] Far and away the greatest concentration of industrial activity was in the City of Buenos Aires, where 35 percent of industrial establishments were located as of 1895 (Conde 1986: 352). Yet industrialists were also active in a number of cities in the interior, including Rosario, Santa Fe, Tucumán, and Córdoba. Manufacturing during the period generally remained tied to agricultural activities, ranging from sugar and flour mills that processed sugarcane and wheat, respectively, to meat-packing plants that prepared beef for export (Rock 1986: 395).

As is true across most economic sectors, these landowners, ranchers, and industrialists relied on labor in the pursuit of their economic activities. In interior provinces such as Tucumán and Mendoza, fieldhands were required to harvest sugarcane and grapes, while factory workers processed these inputs and converted them to finished products (sugar and wine). Factory workers were similarly indispensable in Argentina's cities. Even in the province of Buenos Aires, where renting land to tenant farmers was an increasingly important source of income for estate owners, landowners remained dependent on labor. Some, for example, relied on sharecroppers. All required farmers to comply with their requests to plant alfalfa—necessary to feed cattle breeds suitable for export—prior to the expiration of rental agreements and risked substantial profit losses if farmers failed to do so (Scobie 1964: 46).[5]

[1]Throughout most of the nineteenth century, most landowners prioritized raising sheep to export wool (Conde 1986: 328-329). By the 1890s, however, landowners increasingly were turning to a mix of cattle ranching and farming of wheat, corn, and alfalfa (Conde 1986: 349).

[2]In 1895, for example, the province of Santa Fe produced more corn than all other provinces in Argentina combined (Argentina 1898: volume II, 65).

[3]Wine production, concentrated primarily in the province of Mendoza but also parts of Catamarca and La Rioja, grew dramatically in the last decades of the nineteenth century (Rock 1986: 405). The production of sugar also skyrocketed during this period; in the province of Tucumán alone it went from roughly 3,000 tons in 1876 to 110,000 tons in 1895 and sugarcane plantations extended over 91,000 hectares (Juarez-Dappe 2010: 4).

[4]Agricultural and pastoral activities consistently outpaced those of manufacturing. Until 1920, outputs associated with agriculture and ranching accounted for over double the share of Argentina's gross national product as the share from manufacturing (Smith 1967: 796).

[5]This point is worth emphasizing, as scholars of Argentinean history have recently noted the small number of workers required in Argentina's expansive pastoral region (see e.g. Hora 2001: 94-95; Halperín Donghi 2005: 76). While a relatively small number of hired hands could raise a large number of cattle, tenant farmers and seasonal workers remained important to the agricultural work that complemented pastoral activities (see

This reliance on labor made exercising control critical in order to limit workers' mobility and thereby prevent disruptions to economic production. During this period, technological innovations—most notably the extension of the railroad—dramatically decreased the cost of travel, facilitating workers' migration away from areas where employment was considered less attractive due, for example, to low wages or harsh working conditions (Korzeniewicz 1989: 72-74).[6] In addition, provinces across Argentina abolished anti-vagrancy laws that were previously employed to prevent workers from leaving their place of employment.[7] This made it easier for laborers to abandon their work in response to mistreatment or in search of better employment opportunities. Events in Tucumán's sugar industry in the late nineteenth century illustrate the risks this mobility could pose to elites; in 1889, sugar mill owners struggled to retain workers in the face of higher pay on the railroad, resulting in a critical shortage of workers (Campi 1993: 53).

Labor control also curbed the threat of strikes and other labor agitation. At the turn of the twentieth century, workers were increasingly organizing to demand better wages and working conditions, often with the support of socialists and anarchists. The left panel of Figure 3.1 tracks the number of Argentinean localities in which a socialist organization was present over time, while the panel on the right shows the number of localities in which the anarchist newspaper *La Protesta* was in circulation. Both panels indicate an increase in these pro-worker movements by 1900, reflecting the growing threat of strikes during this period. Such strikes were extremely costly to both urban and rural economic elites. As the *Sociedad Rural*, a social and business association comprised primarily of rural landowners, warned in 1904: "The strike in the city is a great loss, but the rural strike would kill the fruit when it is ripe. it would destroy the country's wealth at its very source ... Similar dangers would be incurred if strikes occurred at the time of planting, the wool harvest or other rural tasks" (Sociedad Rural Argentina 1904: 34-36).

3.2 Two Strategies of Labor control

Exercising control over labor allowed ranchers, factory owners, and agricultural elites to address these dual threats to their interests. Through labor control, elites could keep workers tied to their place of employment, thereby ensuring a stable and abundant workforce (Campi 1993: 57). This, in turn, depressed wages and generally reduced labor costs. Elites could also prevent workers from going on strike or otherwise interrupting economic production in an effort to extract material concessions from elites.

There were two main strategies elites could pursue to exercise labor control. The first relied on the use or threat of force to compel workers to submit to elites (*repressive control*).

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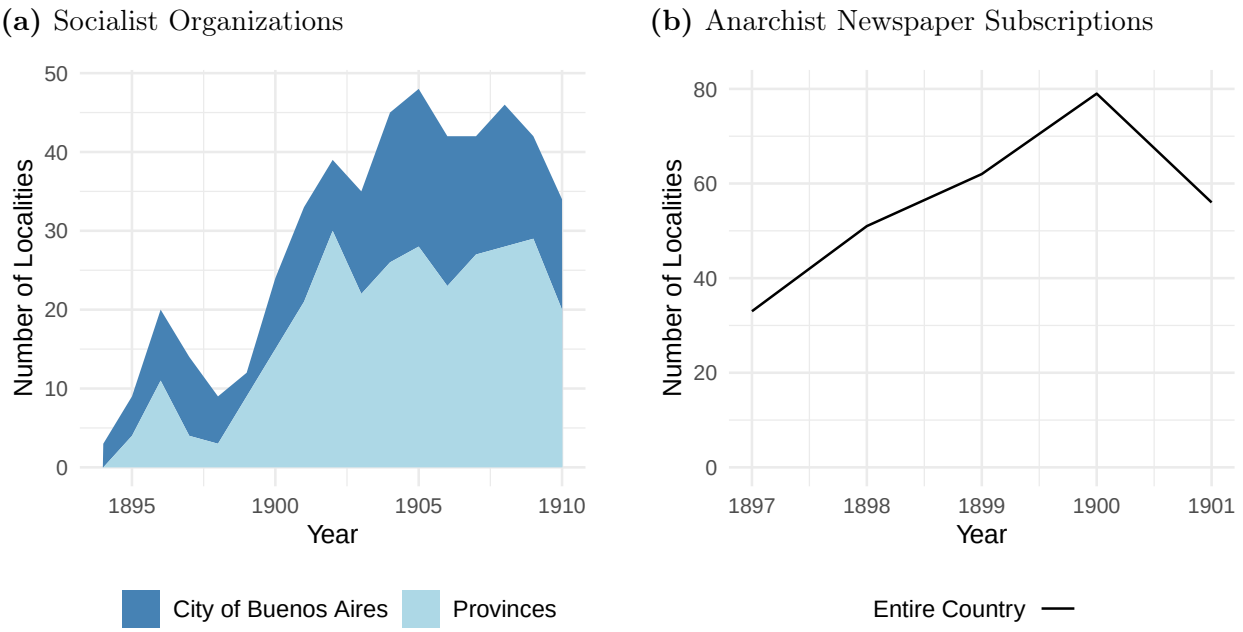
e.g.Adelman 1992: 99-100).

[6]Lower transportation costs also presented important benefits to elites, such as reductions in the cost of transporting crops and other goods for export and allowing elites to more easily rely on temporary workers from other regions during periods of intense production, such as the harvest time.

[7]For a historical overview of these laws, see Alsina (1905: 14-46). Most provinces had either actively repealed these laws or allowed them to fall into disuse by the end of the nineteenth century (Campi 2001: 33).

Figure 3.1: Pro-Work Movements Across Argentina



Panel (a) shows the annual number of Argentinean localities with at least one socialist organization between 1895 and 1910. Panel (b) depicts the circulation of the anarchist newspaper *La Protesta Humana* in Argentinean localities between 1897 and 1901. *Sources:* data on the formation of socialist organizations was originally reported in the newspaper *La Vanguardia* and is cited in Poy (2020: 110). Data on the circulation of *La Protesta Humana* is reported in Oved (1978: 425-428).

In practice, this strategy was often carried out with the assistance of the authoritarian state through, for example, the deployment of troops from the national army or the distribution of guns and munitions. When port workers in the City of Buenos Aires announced a strike in late 1903, for example, elites turned to the government for support in forcing an end to the strike (Caruso 2019: 176). The state sent troops from the army and cavalry to occupy the port and its surrounding neighborhood to compel laborers back to work. In less than three weeks, work began to resume at the port (Caruso 2019: 176). A strike by farmhands in the rural locality of Coronel Suárez, in the province of Buenos Aires, was similarly resolved in abrupt fashion after one hundred soldiers were deployed to force laborers to return to work (*La Vanguardia*, December 31, 1904, 1).

The second strategy of control relied on investments in co-optation, i.e. the provision of resources that partially benefited workers, but simultaneously constrained their behavior

and compelled them to behave in ways that align with elite interests (*co-optive control*). At the turn of the twentieth century, this co-optive control assumed a variety of forms. Some sugar industrialists in Tucumán, for example, built company towns that provided housing and other amenities for workers and their families. The housing was structured so as to facilitate employer surveillance (Juarez-Dappe 2010: 110). As a contemporary described in 1892, since workers' housing was built "in the most convenient areas for the interests of the employer, work can become systematized, peons' excesses ... can be prevented, and they can be subjected, since they are all together, to the most detailed control" (Avila 1904 originally cited in Juarez-Dappe 2010: 111). At the same time, the provision of these benefits reinforced perceptions of sugar industrialists as benevolent and encouraged workers to buy into, rather than push to transform, existing social and economic hierarchies.

Other elites formed pro-elite labor organizations. At times referred to as "free labor societies," these organizations prohibited their members from participating in strikes, walkouts, and other activities that threatened elite interests.[8] To encourage membership, they often provided material incentives and other benefits to workers, such as life insurance, slightly higher wages, and stable employment (see e.g. *La Vanguardia*, February 10, 1906 and May 2, 1906.) As leaders of these organizations, elites could monitor workers' activities and maintain a channel to combat strikes and other threatening actions (see e.g. Rapalo 2009: 58). In San Pedro, a department located in the northern region of the province of Buenos Aires, local elites formed a free labor society in 1905 amid growing worker unrest in the region (*La Vanguardia*, October 28, 1905). The organization was again active in subsequent years, working to combat the activity of traditional labor unions in the department. A socialist newspaper from the period complained that the members of the free labor society were "naive workers" who "play to the interests of the cereal barons" (*La Organización Obrera* March 29, 1919, 4; originally cited in Sartelli 1993: 11).

In some instances, elites collaborated with the Catholic Church to form these co-optive labor organizations. Known as Worker's Circles (Círculos de Obreros), priests facilitated the formation of these Catholic labor organizations at the turn of the twentieth century. Both employers and workers participated in these Worker's Circles, the former as "protecting members" and the latter as "acting members" (Rapalo 2005: 141).[9] Elite participants were expected to provide funding to support the welfare programs available to workers who joined the organizations (see e.g., Rapalo 2005: 144). In return, and similar to the pro-employer organizations described above, Worker's Circles granted elites broad oversight over workers' activities. Moreover, elites could depend on the moral authority of Catholic officials to dissuade workers from engaging in strikes and joining traditional labor unions. As the priest Federico Grote, one of the most vocal advocates of Worker's Circles in Argentina, explained: these organizations "defend and promote the spiritual and material well-being of the working class, in marked opposition to the disastrous propaganda of Socialism ... which,

[8]The role of these organizations in controlling labor is described in various articles in the newspaper *La Vanguardia*. See e.g., August 6, 1904; September 3, 1904; and August 5, 1905. See also de Laforcade (2010: 334).

[9]In Spanish, *socios protectores* and *socios activos*, respectively.

through deceitful promises of ephemeral happiness lead the worker to his eternal ruin, and bring incurable ills to all of society" (originally cited in Rapalo 2005: 141).

3.3 Deciding Between Co-optive and Repressive Control in Early-Twentieth-Century Argentina

Between the strategies of repression and co-optation, the former's effectiveness made it an especially attractive approach to labor control. When troops were deployed to Coronel Suarez, for example, the unrest in the department was nearly over before it started; the army immediately wiped out any traces of the uprising (Craviotti 1993: 37). Similarly, the deployment of troops and other repressive forces to the port in the capital city was effective at quelling a large and complicated strike that involved a variety of workers in different sectors and had the support of residents in nearby neighborhoods (Caruso 2019: 9).

Yet, in practice the high costs of repression often made it difficult for elites to employ this strategy of control. Funding and outfitting a security apparatus to exercise force, or reasonably threaten its use, required significant upfront investments and recurring expenditures to maintain. These costs were especially exacerbated in rural Argentina, where much of the economy relied on farming and pastoral activities across large tracts of land that were sparsely populated and thus difficult to occupy with repressive forces. In these isolated areas, maintaining a repressive apparatus often implied not only paying members of a security force but also providing them with transportation to the area, food, housing, and other accommodations. Finally, the risk of underfunding a repressive apparatus—small forces could be overpowered by workers and might be more likely to side with workers when disputes arose—created incentivizes for elites to spend even more on this strategy of control. For these reasons, the costs of repression were often prohibitively high when born solely by elites.

One approach to exercising repressive control, while avoiding its high costs, was to secure the assistance of the state. At the turn of the twentieth century, the Argentinean state's authority extended throughout its territory (Cucchi and Romero 2017: 199-200).[10] As with most state assets, however, the government's repressive resources were necessarily finite and often in short supply.

Reliably securing the state's repressive resources thus generally required inclusion in the authoritarian ruling coalition, for example through the selection of a government official who could advocate elites' interests within the state. Elites who controlled the selection

[10]In 1880, a series of reforms strengthened the nation's military, including establishing a national draft, outlawing the formation of provincial militias, and centralizing the recruitment process (Canciani 2019: 285). Importantly, the government could, and did, mobilize the army in the face of internal threats to Argentina's government. For example, the state deployed the army during a series of rebellions in the last decade of the nineteenth century spearheaded by a disenchanted faction of political elites that would ultimately go on to form the political party the Radical Civic Union (UCR). This did not prohibit economic elites from investing in costly repression over workers if they chose; so as long as investments in a private security apparatus were not on a scale large enough to threaten the state, they were not obstructed by authorities.

of a government official had an advantage in the procurement of repressive resources, as these government agents could ensure the expeditious deployment of the state's repressive apparatus and priority in the disbursement of other resources intended to support repression. For example, when workers in the Central Fruit Market and surrounding port announced a general strike in the City of Buenos Aires in 1902, businessmen leveraged their connections to Argentina's authoritarian government to secure military support to break the strike (Oved 1976: 146). The national government sent troops to force strikers back to work and adopted a new law to expedite the expulsion of foreign citizens deemed "threatening to national security or disruptive to public order" (Franco 2019: 35-37).[11] Just four days later, the strike officially ended (Suriano 1988: 11).

However, many economic elites during the period were excluded from the authoritarian ruling coalition, and thus lacked strong ties to officials within the authoritarian government who could ensure the distribution of these repressive resources from the state. Historians suggest that many elites in Argentina were removed from politics in the nineteenth and early twentieth centuries and often struggled to mobilize the state in their favor (see e.g. Halperín Donghi 2005: 75-105; Hora 2001: Ch. 3). As Hora (2001) describes, for example, "The political elite was far from being a docile instrument in the hands of the great landowners, and the [estate owners] were unable to transform that relationship to their own advantage" (Hora 2001: 131). Indeed, in contrast to the swift and forceful deployment of repressive resources described above, other elites lamented that state-led repression was "almost always late and did little [to control workers]" (originally cited in Rapalo 2009: 53). Similarly, the Industrial Union—an organization of elites with manufacturing interests—published a scathing critique of the government response to labor strikes, arguing that the "leniency of the authorities ... allows evil to advance like corrosive cancer" (Boletin de la Union Industrial Argentina 1906: 2). Absent strong ties to an agent within the state, it was difficult for elites to rely on repressive labor control from the government.

Did elites who were excluded from Argentina's authoritarian ruling coalition invest instead in co-optive strategies of labor control? The lower costs of co-optive control likely made this strategy a more viable alternative in the absence of state assistance with repression. Comparatively, co-optive control required fewer investments of elites' private resources. For example, while the co-optive labor organizations described above offered workers a variety of incentives to join—such as life and injury insurance or limited medical services—many of these benefits were funded through workers' dues payments or the pooling of worker resources (see e.g., Moscatelli 2002: 5; Rapalo 2005: 144; Rocchi 2000: 172). Similarly, the expenses associated with running co-optive organizations and monitoring their members were much less than the costs of forming and maintaining a private security outfit. We might thus expect elites who were excluded from the authoritarian ruling coalition to be more likely to invest in co-optive labor control.

However, a key challenge to identifying the effect of exclusion from Argentina's authoritarian government on their investments in co-optation is that elites' exclusion is likely

[11] Article 2 of Law 4.144, known as the Law of Residency. The law was passed on November 22, 1902.

endogenous to a number of factors that also determine whether they pursue either repressive or co-optive control. To overcome this difficulty, in this section I use a natural experiment to show how random variation in elites' ability to select a government official to represent their interests in Argentina's national legislature at the turn of the twentieth century shaped their investments in co-optive control.

In 1880, army general Julio Roca rose to power in Argentina after leading a successful military campaign to establish control over land previously occupied by indigenous groups and uniting the country's disparate provinces under an invigorated central government. For the following twenty years, Roca managed a ruling coalition comprised of powerful provincial governors through his position as both president and leader of the ruling National Autonomist Party (Partido Autonomista Nacional, PAN). Although elections for national and local office were held regularly, Roca and his provincial allies controlled nearly all facets of politics (Germani 1965; Rock 1975; Sabato 2004).[12]

At the turn of the century, however, Roca's regime faced the most acute crisis since its inception. The crisis began when a plan to address the country's ballooning debt to European banks was leaked to the press, who claimed that the proposed debt conversion plan surrendered Argentina's sovereignty to foreign interests (Richmond 1989: 132). Despite originally supporting the debt conversion plan, Roca abruptly abandoned the proposal in response to public outrage. The public's reaction, as well as Roca's about-face, raised serious doubts about his capacity to contain conflict within the political sphere, severely weakening the authoritarian incumbent (Botana 1975: 236; Castro 2012: 67; Madrid 2019: 1545).

Seeking to shore up support for his government, Roca pushed through an electoral law in 1902 to strengthen his ruling coalition among economic elites. While previously drawing support from powerful governors who controlled the formation of party lists for national political offices, Roca's goal was to provide economic elites across Argentina with the ability to select a legislator who could advocate directly their interests in the regime in exchange for their loyalty to his government. As the Minister of the Interior stated in his speech promoting the law in Argentina's Congress:

> While before farmers, cattle ranchers, wine makers, and merchants could run their businesses and live their lives in isolation from one another, today that is no longer possible . . . [they require] . . . representation in Congress . . . where they at least are given an echo, a voice, and a chance to champion their shared ideals.[13]

Elite-selected legislators could ensure the federal government prioritized the interests of economic elites—and specifically the interests of elites in the electoral district each legislator represented—rather than the needs of provincial governors or other *caudillos* (to name just two alternatives). These legislators provided a direct channel to the president, allowing elites

[12]Beginning in 1860, regular elections were held for the presidency every six years, for congress every four, and for the senate every six. In 1857, law 140 established universal male suffrage for all Argentinean men in national elections.

[13]Speech by Joaquín V. González in Congress (October 22, 1902).

to effectively articulate their needs within the state. Legislators could also formally sponsor laws that served the interests of the elites in their district. To ensure the president and his allies enacted elites' preferred policies, legislators could demand that cabinet ministers, the vice president, or even the president himself attend congressional sessions to face questions about the government's conduct. Their position within the legislature also lowered the costs of mobilizing collectively against the president if he did not enact the policies that elites sought, enabling elites to hold the president and his allies to account.

To allow elites to select their preferred legislator, the 1902 electoral law altered the structure of Argentina's congressional elections, creating 120 single-member electoral districts to replace the 15 existing multi-member, closed-list, provincial circumscriptions (de Privitellio 2015: 143). As a contemporary writing in 1899 described: "Using lists in congressional elections puts all of the power in the hands of party committees and encourages intrigue ... The election of a single deputy in every district destroys the power of the party machine" (Oliver 1899: 587-588). The number of single-member districts created in a given province was equivalent to the total number of congressmen representing that province prior to the adoption of the law. The districts were formed based on existing borders of departments (*departamentos*)—the lowest common administrative unit across Argentina's provinces—such that, within a given province, districts contained roughly the same number of people.[14]

Crucially, since not all congressional seats were to be filled in the following election, the 1902 law stipulated that a lottery determine which of the newly established, single-member districts would select a congressman in the upcoming election in 1904.[15] The law stated: "The Chamber of Deputies will realize a lottery to determine which of the electoral districts correspond to the following renewal [of Congress]" (Article 22 of Law 4161). The lottery was held on June 1st, 1903 and its outcome was recorded in the congressional record (Congreso Nacional, Argentina 1903: 43). The lottery followed a block design in which districts within each province were randomly chosen to select a congressional representative.[16] For each province, a ball corresponding to each single-member district was placed in an urn. Balls were then drawn, one by one, from the urn to create an ordered list of all districts in the province. The districts to hold elections in 1904 were those that occupied positions on the ordered list less than or equal to the number of congressional seats to be filled in the upcoming election.[17] In the districts that were not selected, elections were scheduled to take

[14]Article 19 of Law 4161. The executive branch created electoral districts within each province based on population information reported in the 1895 National Census. The number of congressmen elected per province was similarly based on population data in the 1895 Census. The constitution stipulated that provinces should have one congressmen for every 33,000 inhabitants or fraction no less than 16,500 inhabitants (See Article 37 of the Constitutional Reform of 1898 in Monti 2015: 179).

[15]Argentina's Congress is only partially renewed every two years.

[16]A lottery following the passage of Argentina's first constitution in 1853 determined which seats were renewed in each electoral year (see Article 38). Similar lotteries were employed following modifications to the composition of the Chamber of Deputies in 1863, 1872, and 1898. See González (1897: 366) for a description. These lotteries were implemented without blocking at the provincial level, leading to variation in the proportion of congressmen up for election across provinces.

[17]The randomization process is outlined in detail in the *Diario de Sesiones de la Camara de Diputados*

place two years later, in 1906.

Had the law remained in effect, elites across the country would have eventually been able to select their own representative. However, the law was repealed prior to the 1906 congressional election. As a consequence, only elites in the districts that were randomly selected in the lottery chose a congressman under the law.[18] Table 3.1 displays the total number of electoral districts in each province, as well as the number of congressional seats that were filled while the law was in effect.

The map in Figure 3.2 displays the single-member electoral districts that could be recovered from historical records, as well as which of these districts were randomly chosen to select a congressman while the law was in effect. To recover the district borders, I first consulted the executive decree that detailed the districts' creation. In the majority of cases, electoral districts were based on the preexisting borders of local departments (*departamentos*),[19] the lowest common administrative unit across Argentina's provinces and the level at which most political outcomes are recorded. I then consulted information found in census maps from 1895, 1914, and 1947 to identify the departments that experienced a border change across this period and reviewed annual provincial registries to determine the year in which these border changes occurred.[20] Finally, I reviewed the congressional record to determine which of these districts were randomly selected through the lottery.[21] While this procedure allowed me to reconstruct the majority of the department-level borders that existed when the 1902 law took effect, La Rioja and Jujuy redrew their department borders entirely and it is not possible to reconstruct them using the census maps. They are shaded in white in Figure 3.2, as are Argentina's national territories,[22] which did not send representatives to Congress until the mid-twentieth century. The districts for which it was possible

(1903 Vol. 1, 41-45). For example, in a hypothetical province with 30 deputies total and 13 seats up for election in 1904, balls would have been individually drawn from the urn to create an ordered list of electoral districts. The first 13 districts on the list would have held elections in 1904, while the remaining 17 would have been scheduled to hold elections in 1906. If a seat had become vacant before the 1904 or 1906 election, it would have been assigned to the next district on the list.

[18]Of the 120 electoral districts created through the 1902 law, half were scheduled to participate in the elections that immediately followed the law's passage. In addition to these 60, eight vacant seats were filled in 1905 based on the outcome of the lottery. Five of these vacancies were due to the death of a sitting congressman. The remaining three occurred because congressmen left their posts early to fill other positions in the national government.

[19]The exception is large cities, which were comprised of multiple electoral districts due to their large population. Within the remaining electoral districts, there were between 1 and 10 departments (the mean number of departments in an electoral district was 3.22).

[20]Information regarding modifications to department borders between the National Census of 1895 and 1914 can be found in Cacopardo (1967). Unfortunately, each province was responsible for defining department borders in their jurisdiction and, at the time of the 1902 law, the central government did not systematically record these provincial-level decisions.

[21]"Estableciendo la división de la República en 120 circunscripciones electorales" in Ministerio del Interior (1903: 36) and *Diario de Sesiones de la Cámara de Diputados* (1903 Vol. 1, p. 43).

[22]These include La Pampa, Misiones, Río Negro, Chaco, Los Andes, Neuquen, Tierra del Fuego, Santa Cruz, Chubut, and Formosa. The process to extend provincial status to these national territies began in 1951.

Table 3.1: Single-Member Districts and Congressional Seats Filled Through the 1902 Electoral Law

Province	# of Districts	# of Seats Selected Under 1902 Law
Buenos Aires	28	15
Catamarca	3	1
Córdoba	11	8
Corrientes	7	3
Entre Ríos	9	1
City of Buenos Aires	20	14
Jujuy	2	1
La Rioja	2	1
Mendoza	4	1
Salta	4	2
San Juan	3	2
San Luis	3	3
Santa Fe	12	7
Santiago del Estero	5	3
Tucumán	7	4
Total	**120**	**68**

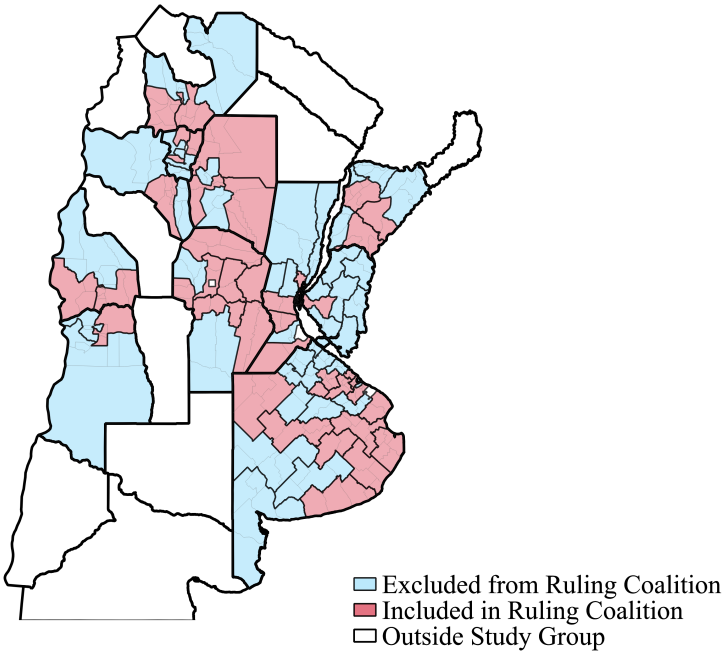
The distribution of single-member electoral districts in each of Argentina's provinces and the number of districts that selected a legislator under the 1902 electoral law. The proportion of congressmen up for election across provinces varied due to prior lotteries to determine when congressmen would stand for reelection following increases in the size of Congress (see Footnote 16).

to recover the borders of the single-member electoral districts created through the 1902 law comprise the study group in the analysis that follows.

Evidence suggests that elites in districts that selected a congressman through the 1902 electoral law chose a distinct group of legislators as compared to previous legislative cohorts. As illustrated in Figure 3.3, fewer than half of all congressmen who were elected prior to the adoption of the 1902 law—those in the 1900 and 1902 cohorts—were new to the legislature.[23] In 1904, when the law was in effect, the number of first-time congressmen jumped from 48

[23]Information on prior congressional experience was collected from Cámara de Diputados de la Nación (1951) and Honorable Cámara de Diputados de la Nación: Secretaria Parlamentaria (1991). A small number of congressmen were elected in off-cycle elections to fill open seats following, for example, the death of a sitting congressmen. These legislators are included with the legislative cohorts in which they served.

Figure 3.2: Single-Member Districts and Congressional Seats Filled Through the 1902 Electoral Law



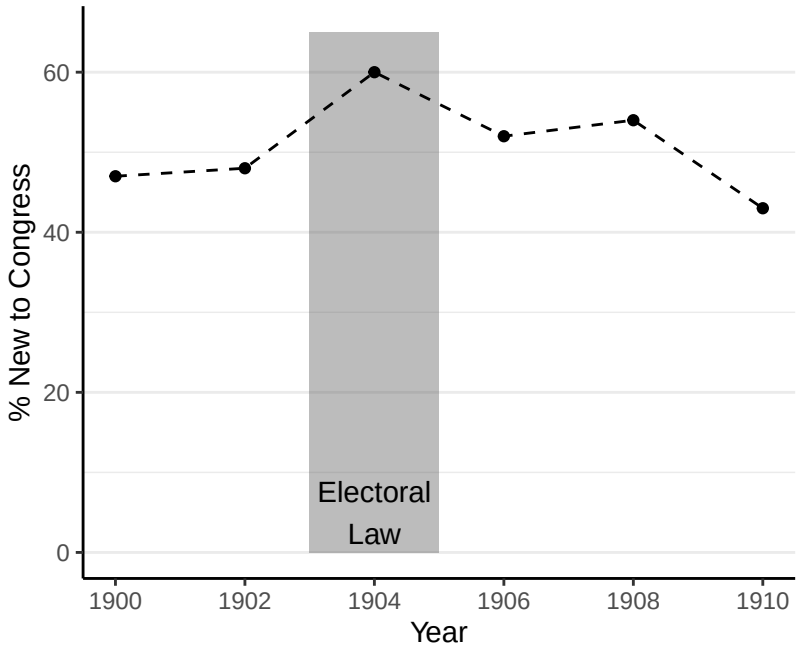
Thicker black lines demarcate provinces, the thin black lines represent the borders of electoral districts, and the thinner grey lines refer to the borders of departments, the lowest common administrative unit in Argentina and the unit of analysis in the study. The districts randomly chosen to select a legislator under the electoral law are shaded in red, while those that were not selected are shaded in blue. Regions in white are outside of the study group, either because they were national territories and were thus not represented in Congress or because it was impossible to reconstruct the borders of electoral districts.

to 60%.[24] The repeal of the law witnessed a return to the prior trend, with the number of first-time congressmen dropping to 47% in 1906 and falling even further by 1910.

Elites in districts that selected a legislator through the 1902 law were included in Roca's authoritarian government. Having elected their own legislative representatives, they could acquire state resources and support. In Tucumán's second electoral district, for example, prominent landowner Manuel Paz won a seat with the support of other local elites. He ran to gain greater influence over government policies that were negatively affecting agricultural and industrial elites in the district (Cullen Crisol 1994: 234-235). In Santa María, a district located in the province of Córdoba, economic elites communicated often with their legislator to articulate their needs and concerns. For example, a local factory owner wrote a private

[24]Most of the first-time congressmen elected in 1904 ran as members of the PAN (78%).

Figure 3.3: First-Time Congressmen, by Cohort



A legislator is considered new to Congress if, prior to a given election, he had not previously served as a congressman or senator. The figure includes all congressmen elected between 1900 and 1910. *Sources:* Cámara de Diputados de la Nación (1951) and Honorable Cámara de Diputados de la Nación: Secretaria Parlamentaria (1991).

letter inquiring, on behalf of himself and other local elites, about when the legislator would return to the district.[25] In the same letter, he requested an update about a pending favor he had asked the legislator to relay to Argentina's president.

Through their inclusion in Roca's government, these elites could depend on repressive resources from the authoritarian state and thereby reduce the costs of exercising labor repression. For example, when a strike erupted in the city of Rosario, Santa Fe, following the adoption of the 1902 law, congressmen were quick to mobilize to request repressive support from the authoritarian government. On the eve of the strike, they traveled from the city to request military assistance from the president (*La Nación*, January 21, 1907, 6). In the days following, the national government dispatched troops from the army to occupy the city and maintain order (Belkin 2016: 34-37). Elites were quick to contrast the government's rapid and forceful response to the events in Rosario with the minimal reaction from the provincial government (*La Nación*, January 23, 1907, 8).

[25] *Fondo Julio A. Roca (hijo)*, file 2: letter from Daniel Gavier, Córdoba, 16 October 1903.

Following the repeal of the 1902 electoral law, elites who were included in Roca's authoritarian ruling coalition could continue to rely on the state to support repressive labor control. The congressmen that elites selected while the 1902 law was in effect completed their terms in office, only stepping down in 1908. During that period, they could continue to supply elites with state resources to facilitate repression. Many of these resources—such as state-provided guns and other munitions—could endure even after congressmen left office. The state's assistance with the initial start-up costs associated with repression—for example recruiting and training individuals to serve in a security apparatus or building facilities to house these individuals—may have also made this strategy more feasible for elites to sustain with private resources, even if government support became difficult to acquire. Elites might also be able to leverage the continued presence of federal and provincial troops that remained stationed nearby to threaten workers with repressive force.

In districts that did not select a representative through the 1902 law, in contrast, evidence suggests it was more difficult to obtain repressive support from the authoritarian government. Take, for example, the rural department of Caseros, Santa Fe, which did not select a congressman under the 1902 law. Residents were hard-pressed to get lawmakers, who generally did not have ties to the district, to heed their requests for military support to combat lawlessness in the department. When their appeals finally reached a senator in 1909, they were rebuffed and informed that the government would not be providing them with any repressive resources and that they would have to address their concerns on their own (Scobie 1964: 159).

Excluded elites, such as those in Caseros, could not rely on the state to provide them with repressive resources. Absent this government assistance, the cost of exercising repression remained exceedingly high. In the next section, I examine whether these excluded elites were thus more likely to invest in a strategy of co-optive labor control.

Examining Elite Investments in Co-optive Labor Control

To systematically examine the effect of elites' exclusion from Roca's authoritarian government on their investments in *co-optive* labor control in Argentina, I compare places that were randomly assigned to select a congressman under the 1902 law to those in which no congressional representative was selected while the law was in effect. The study group in the analysis is depicted in Figure 3.2 and departments are the unit of analysis.[26] The study group includes 298 of the 347 departments that existed when the 1902 electoral law took effect. The key estimand of interest is defined by Equation 3.1:

[26] The provinces of La Rioja and Jujuy are excluded from all analyses, since it is impossible to link the department borders that existed in 1902 with those that existed when democratization occurred. A small number of provincial cities are also excluded because multiple electoral districts—due to the cities' large population—existed within their jurisdiction and economic and political outcomes are not disaggregated below the level of the city. The following cities are excluded from the study group: La Plata in the province of Buenos Aires, Rosario in the province of Santa Fe, as well as the cities of Córdoba and Tucuman. Finally, I also exclude the three electoral districts in the province of San Luis, since all of the province's congressmen were up for reelection in 1904 and, as a result, the probability of a district being selected to hold an election in that year was 1 (see Table 3.1).

$$ATE = E\big[Y_i(1)|T_i = 1\big] - E\big[Y_i(0)|T_i = 0\big] \tag{3.1}$$

where $Y_i(1)$ indicates potential outcomes under treatment, $Y_i(0)$ potential outcomes under control, and T_i is an indicator of treatment assignment for department i.[27] To recover an unbiased estimate of Equation 3.1, I compare departments within each provincial block, the level at which random assignment occurred. By design, the probability of assignment to treatment varied across provinces; departments in provinces with fewer open legislative seats in the upcoming election were more likely to be excluded from the authoritarian government. Pooling across provinces to estimate the average treatment effect risks introducing bias if elite support for democracy was correlated with the probability of treatment assignment.[28] To address this concern, I calculate a weighted average of observed within-province treatment effects such that,

$$\widehat{ATE} = \sum_{p=1}^{P} \Big(\frac{N_p}{N}\Big)\widehat{ATE_p} \tag{3.2}$$

where N_p is the number of departments in provincial block p and N is the total number of departments in the study group. The estimated within-block treatment effect, $\widehat{ATE_p}$, is defined as:

$$\widehat{ATE_p} = \frac{1}{m_p}\sum_{i=1}^{m_p}\Big(Y_{i,p}|T_{i,p} = 1\Big) - \frac{1}{N_p - m_p}\sum_{i=m_p+1}^{N_p}\Big(Y_{i,p}|T_{i,p} = 0\Big) \tag{3.3}$$

where m_p is the number of departments assigned to treatment in block p and $T_{i,p}$ is an indicator of treatment assignment for department i in block p. Standard errors are clustered at the electoral district, which is the level of treatment assignment.

For $\widehat{ATE}$ in Equation 3.2 to be a valid estimator of the ATE in Equation 3.1, we must assume that assignment to receive—or not receive—a congressman through the 1902 law is independent of potential outcomes. To validate this assumption, I rely on the lottery that assigned electoral districts to be included in the ruling coalition while the law was in effect. Previous scholarship supports the credibility of random assignment through the lottery; in a study that leverages the lottery in the City of Buenos Aires, Figueroa (2016) finds that the lottery was not disputed in Argentina's Congress and led to the random selection of electoral districts. Due to this random assignment, departments in treatment and control districts should—in expectation—be statistically indistinguishable on pre-treatment covariates.

Balance tests evaluating the validity of the lottery's randomization procedure with respect to a battery of pre-treatment covariates collected from the National Census of 1895

[27] An alternative, and perhaps preferable option is to aggregate to the level of treatment assignment, in this case the electoral district (Dunning 2012: Ch. 6). In this context, however, such an approach presents drawbacks because a number of the provinces have only a single treated district and thus must be dropped from the analysis since estimated standard errors under the Neyman Model require at least two treated and control units (see Table 3.1).

[28] For a discussion, see Gerber and Green (2012: Ch. 3).

Table 3.2: Balance Tests

	Estimate	SE	p-value
Administrative and Demographic Covariates			
Provincial Capital	-0.00	0.02	0.96
# of Towns	-0.67	0.58	0.25
Population	-590.61	725.48	0.42
Urban Population	-638.60	488.67	0.20
Men in Population	-341.87	386.93	0.38
Born in Province	0.02	0.02	0.30
Foreign	-131.85	263.98	0.62
Literate Population	0.01	0.01	0.35
# Enrolled in National Guard	-52.15	96.16	0.59
Economic Development Covariates			
# of Taxpayers	-31.31	94.22	0.74
# of Argentinean Taxpayers	-25.82	76.09	0.74
# of Newspapers	-0.13	0.14	0.34
# of Hospitals	-0.07	0.05	0.19
# of Automobiles	56.22	55.53	0.32
Agricultural Covariates			
# of Agricultural Properties	16.01	43.92	0.72
# of Cattle	-8060.86	12286.33	0.51
Industrial Agriculture (Ha.)	72.99	145.09	0.62
Grain Cultivation (Ha.)	1255.22	3109.39	0.69
Alfalfa Cultivation (Ha.)	446.83	1096.92	0.69

A weighted difference-in-means estimator is calculated to account for the unequal probability of treatment across provinces. The unit of observation is the department. Standard errors are clustered at the level of treatment assignment, the electoral district. The City of Buenos Aires is excluded from the analysis due to changes in department borders between the 1895 Census and the 1902 electoral law. *Source:* National Census of 1895.

are displayed in Table 3.2. The census directly preceded the 1902 electoral law and is considered to be the first reliable compilation of national statistics in Argentina. The covariates include demographic information, such as the total number of people in each department, the urban, male, foreign, and literate population, as well as the number of men enrolled

in the National Guard. I also collected administrative information about the number of towns in each department and whether or not a given department was a provincial capital. The census also recorded development and agricultural indicators, including the number of taxpayers (both foreign and Argentinean), newspapers, hospitals, vehicles, agricultural properties, cattle, as well as hectares cultivated with wheat, alfalfa and industrial agricultural crops in each department. Notably, treated and control departments are similar across pre-treatment administrative, social, development, and agricultural covariates. These findings support the claim that the lottery assigning districts to select a legislator through the 1902 law was indeed random and that the treatment and control groups are similar across a wide range of potential confounders. The unique implementation of the 1902 law through a lottery thus provides a method of identifying the causal effect of exclusion from Roca's authoritarian government on elites' investments in co-optive labor control in Argentina.

I leverage the 1902 electoral law's implementation through a lottery to identify the effect of exclusion from Roca's authoritarian government on elites' investments in co-optive labor control. Since official data on the presence of co-optation at the local level in Argentina is not widely available, I measure co-optive control using information about local organizations that attended annual conferences on worker co-optation.[29] These conferences were hosted by the Patriotic League (*Liga Patriótica*), a national organization that sought to cultivate a compliant workforce and reduce threats to the existing social order, and were attended by local affiliated chapters (McGee 1979: ix). The conferences focused on how to create a docile workforce, with a particular emphasis on dissuading workers from joining traditional labor unions (McGee 1979: 144-148; Moscatelli 2002: 4-5).[30] As the president of the Patriotic League explained in the opening speech of the first conference, held in 1920, "Asserting our interests' means harmonizing work and capital. We must work in peace, with order ... we must dignify the worker or peon so that they occupy the social position that corresponds to them" (Biblioteca de la Liga Patriótica Argentina 1920: 43). Later in the proceedings, he went on:

> The projects to be discussed constitute, in themselves, a complete plan of worker sociology, not only in so much as they contribute to the safety, hygiene and well-being of workers, but also in their focus on noble, patriotic and humanitarian purposes that promote the constitution of free associations that ... tend to reduce the conflicts between workers and employers, not with strikes or violent means,

[29] First held in 1920, these conferences occurred after Argentina's democratic transition. However, there is no theoretical or empirical reason to suggest these co-optive organizations do not reflect pre-democratization dynamics. Indeed, a key expectation of my theory is that elites support democratization because their co-optive control over workers persists into the democratic period.

[30] While programs to co-opt workers comprised an important component of the League's activities, it had violent roots—it was formed after armed civilians attacked strikers during a general strike in Argentina's capital in 1919. The conflict is known as the Tragic Week (Semana Trágica) and is one of the most violent events in Argentina's labor history (Mcgee Deutsch 1993: 37-39). However, the core focus of the League's annual conferences revolved around strategies of labor co-optation to ensure workers did not threaten economic elites' material interests (Rocchi 2000: 188; Cepeda 2013: 8, McGee 1979: ix and 171-172).

> but through reciprocal tolerance that ensures a mutual guarantee (Biblioteca de la Liga Patriótica Argentina 1920: 81).

Evidence suggests the local organizations that attended these conferences employed co-optive strategies of control in their departments. As McGee (1979) describes regarding a local chapter from Gualeguaychú, Entre Ríos, which attended conferences in both 1920 and 1922:

> Led by landowners and independent merchants ... Its stated object was to harmonize the actions of individual business enterprises in all matters related to labor with the principles of free labor and the independence of capital ... All laborers who worked in the [estates], cereal houses, warehouses, and other establishments owned by [League] members were to enter their names in a registry. If any registered workers denigrated the [League], the Fatherland, or the principle of free labor, proposed a strike, or tried to impose disorder in their workplaces, their names would be erased from the registry, and the [League] would consider them enemies of the "liberal humanitarian principles" it sustained ... [League members] would stimulate the formation of mutual aid societies among registered workers, instead of unions, to be financed by the workers themselves and by employers (165).

At the culmination of each conference, the League published lists of the local organizations in attendance. I collected information about the location of these organizations from the two lists that remain available, published in 1920 and 1922 (Biblioteca de la Liga Patriótica Argentina 1920, 1922). As Table 3.3 demonstrates, the local organizations at the 1920 and 1922 conferences hailed from across Argentina, though they were concentrated in the pastoral and agricultural provinces of Buenos Aires, Córdoba, Entre Ríos, and Santa Fe. I use attending a conference on worker co-optation as a measure of local chapters' commitment to co-optive labor control. I employ as outcomes i) a binary indicator of whether organizations that attended the conferences on worker co-optation were present in a given department and ii) the number of organizations in each department that attended the conferences.

Table 3.4 summarizes the findings of the analysis across Argentina's rural provinces. The City of Buenos Aires is excluded from the analysis because it was impossible to link the co-optive labor organizations to the electoral districts formed under the 1902 law. Exclusion from the ruling coalition—i.e. not selecting a legislator through the 1902 electoral law—increased the likelihood that an organization attended the conference on co-optation by 11% across provincial departments (model 1). The effect is consistent when the outcome is calculated as the total number of organizations in each department: on average, roughly 0.35 more organizations that attended the conferences on co-optation hailed from departments that were excluded from the ruling coalition (model 2). This evidence supports the claim that economic elites who were excluded from the authoritarian government invested more heavily in a strategy of co-optive labor control.

Table 3.3: Organizations that Attended Conferences on Worker Co-optation in 1920 & 1922

Province	Total Number of Organizations	Share of Departments with an Organization
Buenos Aires	133	0.83
Catamarca	3	0.15
City of Buenos Aires	37	1.0
Córdoba	30	0.58
Corrientes	17	0.52
Entre Ríos	37	0.87
Jujuy	1	0.08
La Rioja	3	0.17
Mendoza	4	0.25
Salta	2	0.10
San Juan	4	0.21
San Luis	4	0.38
Santa Fe	41	0.80
Santiago del Estero	1	0.05
Tucumán	3	0.25
Total	**320**	**0.52**

Sources: Biblioteca de la Liga Patriótica Argentina (1920, 1922).

3.4 Conclusion

This chapter has documented the distinct strategies of labor control that economic elites pursued in Argentina at the turn of the twentieth century. I employ a natural experiment to assess the role of elites' exclusion from Argentina's authoritarian government on their investments in co-optive labor control. Using a novel dataset of co-optive labor organizations, I demonstrate that elites who were excluded from the authoritarian government, such that the cost of exercising labor repression remained high, were more likely to pursue co-optation over their workers. In the next chapter, I examine whether these elites were also more likely to support democratization in the Argentinean case.

Table 3.4: The Effect of Exclusion from the Ruling Coalition on the Attendance of Conferences on Worker Co-optation

	Local Chapters of the Pro-employer Patriotic League	
	Binary Indicator	Total Number
	(1)	(2)
Excluded	0.11^{**}	0.35^{*}
	(0.05)	(0.18)
Sample	Rural Provinces	Rural Provinces
Num. Clusters	84	84
Num. obs.	278	278

$^{*}p < 0.1$; $^{**}p < 0.05$; $^{***}p < 0.01$. A weighted difference-in-means estimator is calculated to account for the unequal probability of treatment across provinces. The unit of observation is the department. Standard errors are clustered at the level of the electoral district. The dependent variable in model 1 is a binary indicator of the presence of a co-optive labor organization; the dependent variable in model 2 is the number of co-optive labor organizations. The City of Buenos Aires is excluded from the analysis because it was impossible to link the co-optive organizations to the electoral districts formed under the 1902 law. *Sources:* Biblioteca de la Liga Patriótica Argentina (1920, 1922).

Chapter 4

Elites and Democratization in Argentina

4.1 Introduction

The previous chapter demonstrated that elites in places excluded from Roca's authoritarian ruling coalition were more likely to pursue co-optive labor control in Argentina. Where economic elites lacked reliable access to the state's repressive arm, the cost of pursuing a repressive strategy was exceedingly high and they were instead more likely to invest in a strategy of co-optive labor control. This co-optation could assume a variety of forms, ranging from company towns to employer-led labor associations. Such investments in co-optive control allowed elites to tie workers to their place of employment—thereby ensuring a stable and abundant workforce—and prevent workers from striking or otherwise interrupting economic production to extract material concessions.

I now turn to the role of co-optive labor control in shaping elite preferences over democratization. Dynamics surrounding labor are often recognized as shaping democratic transitions. Perhaps most prominently, workers are often characterized as exerting "pressure from below" to demand democracy (see e.g. Rueschemeyer et al. 1992; Acemoglu and Robinson 2000, 2006). Other labor concerns—such as the scarcity of labor and the intensity of elites' reliance on labor-dependent economic activities—are thought to shape elites' calculation about whether or not to support democratization.[1] However, scholarship has largely overlooked the impact of distinct *strategies of labor control* in struggles over democratization. In this chapter I examine the influence of these strategies on elite preferences over democratization. I show that a reliance on co-optive, rather than repressive, labor control increased elite support for the adoption of democracy.

The theory developed in Chapter 2 suggests that economic elites who invest in co-optation can retain labor control in democratic contexts and are thus more likely to support democratization. Repression is difficult to exercise following the advent of democracy, a political regime in which the popular sectors' political power make the state less likely to tolerate violence against workers. Unlike repressive control, co-optation does not rely on the

[1] On labor scarcity, see Ardanaz and Mares (2014); Mares (2015). On labor-dependent economic activities, see e.g., Moore (1966); Gerschenkron (1943); Mahoney (2003); Albertus (2017)

threat or use of force. It can thus be employed in democratic contexts. I argue that the differential capacity to exercise co-optive, as opposed to repressive, control under democracy makes elites who pursue co-optation more likely to support democratization. This chapter provides evidence in support of my argument.

The chapter begins by describing the package of democratizing reforms that were proposed, and ultimately passed, in Argentina in the second decade of the twentieth century. It also describes the context in which these reforms emerged. It then demonstrates the critical role that economic elites played in supporting the pro-democracy political movement led by Roque Sáenz Peña, who was instrumental in the adoption of democratizing reforms. Turning to the role of co-optive control in shaping elite preferences over regime type, I show that places where elites invested in co-optive control—due to their exclusion from Argentina's authoritarian ruling coalition at the turn of the twentieth century—were also more supportive of democratization. Consistent with my argument, the chapter concludes by demonstrating the challenge of employing repression following the adoption of democratizing reforms, as well as providing evidence that elites who pursued co-optation were able to maintain labor control in the years immediately following the adoption of democratizing reforms in Argentina.

4.2 The Democratizing Reforms of 1912

Similar to many countries in Latin America, Argentina was an electoral oligarchy at the turn of the twentieth century. Elections were held regularly for the presidency, congress, and senate as early as 1860.[2] The adoption of manhood suffrage with the passage of Electoral Law 140 in 1857 granted all Argentinean adult men the right to vote in these national elections.[3] Despite regular elections and a broad suffrage, however, extensive electoral fraud characterized Argentina's political system (see e.g., Botana 2012: 142-152). Presidents and governors, as well as their local agents, often intervened in electoral contests to ensure the victory of their preferred candidates. As the daily newspaper, *La Prensa*, described regarding elections held in 1898:

> From the moment the voting tables were set up, one could observe the absence of voters ... replaced by elements recruited by political bosses ... In Balvanera Sur, at one in the afternoon, no more voters remained so [the bosses] appealed to the well-used system of making voters out of those who never showed up and even the dead (April 11, 1898; originally cited in Cullen Crisol 1994: 108).

A contemporary reflecting on elections in 1874 painted a similar picture of broadly fraudulent electoral practices: "... the political contest had taken on an unprecedented character of fierceness ... from the falsification of records and bribery, even private slander and armed

[2]While elections were occasionally interrupted by a coup, this was the exception rather than the rule.

[3]Provincial elections were governed by the respective electoral laws adopted in each province and were, in some instances, more restrictive.

attack, to dispute a scandalous and bloody triumph . . . " (Groussac 1919: 131). Throughout this period of Argentina's political history, such episodes of electoral intimidation, violence, and bribery were widespread.

A slate of democratizing electoral reforms was adopted in 1912 to curb these fraudulent electoral practices. The package of reforms pursued a multi-pronged approach to democratize Argentina's political system. First, it modified the formation of the electoral registry to limit fraud. Previously, voter registration fell under the purview of provincial agencies that maintained the civil registry and was often manipulated to the benefit of provincial governors and their allies (López 2016: 430). Under the new system, voter registration was based on mandatory enrollment in the military draft when eligible men turned eighteen. Proponents of this change argued it would ensure that "not a single eligible citizen was deprived of the right to vote," since enrollment in the draft was already established practice and was not controlled by elected officials (Minister of the Interior 1910; originally cited in López 2005: 241). Linking registration to the draft also made the fraudulent practice of purchasing voter registration cards and distributing them to party loyalists more difficult; since enrollment cards were regularly required as a form of identification in everyday life, voters would be less willing to agree to part with them on election day (López 2005: 241).

The reform package also introduced measures to strengthen the secrecy of the ballot. While by 1905 voters already cast their votes anonymously using folded ballots, pervasive intimidation during the act of voting allowed officials to regularly violate the secrecy of the ballot and observe individuals' vote choice (de Privitellio 2012: 40). The 1912 reform mandated that individuals place their ballots in sealed envelops and cast their votes in an isolated room (*cuarto oscuro*) away from prying eyes. This innovation made it more difficult for local officials and party bosses to control voters, and in particular to employ bribery to shape the outcome of elections. As Sáenz Peña—the authoritarian incumbent who championed democratization—expressed in a speech in early 1912, "The secret vote destroys bribery and corruption, and after they are vanquished . . . the citizens will reach positions through the contest of free wills. Candidates will arise based on their accomplishments and merits, not because one person chooses them . . . " (Sáenz Peña 1915: 114).

In addition to these democratizing reforms, the reform package also ensured minority representation through the adoption of the incomplete list to elect congressmen. Under this system, one third of all congressional seats in an electoral district (equivalent to the province, in 1912) were granted to the party that secured the second-largest share of the votes. In previous elections—following the repeal of the the 1902 electoral law—the party that received the most votes in a district obtained all of that district's seats in congress.[4] In congressional debates, the Interior Minister argued that minority parties who secured seats in congress through the incomplete list would be more likely to fight for fair elections as a strategy to improve their electoral fortunes (Madrid 2019: 1547). Obligatory voting was also adopted to

[4]As a reminder, the 1902 electoral law adopted single-member electoral districts before its repeal in 1905 reestablished province-wide electoral districts in which the party with the most votes won all open seats in each provincial district.

increase the legitimacy of the electoral process after decades of fraud and voter intimidation had led many to avoid the polls on election day (López 2016: 432). Together, these reforms are widely considered to have ushered in the first democratic elections in Argentina's history.[5] The first presidential elections following the adoption of these reforms took place four years later, in 1916.

4.3 The Context of Democratization

The passage of this package of democratizing reforms occurred against a backdrop of sweeping social changes and a growing perception among Argentina's political leaders that the existing electoral system must be modified in response. By 1914, roughly one-third of Argentina's population was foreign-born, and at least an additional quarter were the descendants of recent immigrants (Rock 1986: 393). Amidst this wave of immigration, a growing middle-class sector was emerging around the bureaucratic and commercial activities associated with Argentina's export economy (Gallo and Sigal 1963: 197). Prominent intellectuals and politicians were increasingly concerned that the existing political system did not engage sufficiently these new economic and social groups and believed that democratic reform would facilitate the construction of a stronger national identity (Castro 2012: 272-273).

This pro-reform political current was further motivated by pressure from the Radical Civic Union (Unión Cívica Radical, UCR). Also known as the Radical Party, the UCR had sought reforms to eliminate electoral fraud since its founding in 1891 and organized a number of uprisings against the ruling authoritarian party, the PAN, throughout its history.[6] By 1905 it had begun to attract the interest of Argentina's growing middle class (Gallo and Sigal 1963: 189,196,215; Rock 1987: 186; Delgado 2005: 403).[7] The party's growing support among this emerging sector augmented the strength of its demands for electoral reform and furthered perceptions within political circles that this reform was merited (Cantón 1973: 91; Collier 1999: 45-46; Rock 1975: 32).

4.4 Economic Elites Support Democratization

As pressures for reform grew, economic elites shaped the prospects of democratization in Argentina. Many embraced democratic reform. When specifics of the reform proposal

[5]See e.g., Acemoglu and Robinson (2006: 28); Botana (2012: 145); Collier (1999: 44); López (2005); Rock (1975: 34); Madrid (2019: 1541-1542); Rueschemeyer et al. (1992); and Sabato (2004: 7).

[6]See Alonso 2000 for a description of the UCR's early years.

[7]The role of the middle class in the UCR is much debated among scholars of Argentina's history. Some recent scholarship has downplayed the middle sector's role in the party until after the passage of democratizing reforms in 1912 (see e.g. Madrid 2019: 1543; Míguez 2012: 15-16). While it is certainly not the case that the UCR was a *middle-class party*, that does not preclude it from having a growing and important *base of middle-class support* during this period. As a political commentator noted in reference to the UCR in 1912, the year democratizing reforms were adopted: "Our popular party has always affirmed its democratic creed; but the vagueness of that aspiration allows for the coexistence of irreconcilable interests ... because many of its leaders, due to their origin, their social condition and their temperament, have interests contrary to those of the middle class ..." (Maupas 1912: 426, originally cited in Gallo and Sigal 1963: 189).

became public in 1911, the Agrarian League (*Liga Agraria*), an organization of landowners in the province of Buenos Aires, announced its early support for reform efforts (Hora 2001: 146). The leader of the League, Carlos Guerrero, continued to promote and celebrate democracy even after the reforms were adopted in 1912. For example, he stated in 1915 that the reforms were a blessing and that "free suffrage ... will inevitably triumph in the closed room of the voting booth because it is the national inspiration" (originally cited in Hora 2009: 152).

Many elites supported the pro-democracy presidential candidacy of Roque Sáenz Peña who—after becoming Argentina's authoritarian president in 1910—oversaw the passage of the democratizing reforms in 1912. Though formally affiliated with the PAN, Sáenz Peña was a member of a faction known as the "Modernists" (*Modernistas*) within the party and had long advocated democratizing reforms, making them a cornerstone of his political career (see e.g. Rock 2002: 151-152; Castro 2012: 255; López 2005: 221).[8] As early as 1903, he publicly decried the existing political system (Palcos 1944). In 1907, he stated that Argentina should be known "for the establishment of truly republican and democratic practices, which can only be achieved through political reform and the suppression of personalistic politics" (originally cited in Castro 2012: 274). In a speech two years later he asserted, "It is not enough to guarantee the suffrage, we need to also create the voter ... I do not find any change more pressing than that of addressing the public vote."[9] Indeed, when a close ally reflected on Sáenz Peña's rise to the presidency in 1910 he recounted, "There is no doubt that the primary and perhaps the only premeditated thought that [Sáenz Peña] brought to the government was the reform of the electoral law" (Groussac 1919: 341).

Evidence suggests economic elites played a prominent role in Sáenz Peña's rise to become the next authoritarian president of Argentina. Many of the landowners and industrialists who frequented Argentina's prominent social clubs—including the Jockey Club and the Club for Progress (*Club del Progreso*)—supported Sáenz Peña. As a friend and supporter stated in a letter to Sáenz Peña in 1909, "It is said that the entire jockey club is Saenzpenista ..." (originally cited in Castro 2012: 276).

Elites were also well-represented specifically in the organization formed to promote Sáenz Peña's pro-reform candidacy, the National Union (*Unión Nacional*, UN). In October of 1909, well-to-do supporters of Sáenz Peña's efforts to become Argentina's next authoritarian president formed the National Union. Its president, Ricardo Lavalle, was a wealthy landowner from the province of Buenos Aires who, though he had never before held a formal political post, had ample social standing in Argentine high society (Castro 2012: 278). Landowners, industrialists, and commercial exporters occupied many other high-ranking positions within the National Union, including vice-president (Vicente Casares), president of the commerce commission (Luis Zuberbühler), president of the consultative commission

[8]Sáenz Peña first emerged on the political scene in 1890 as the Minister of Foreign Affairs and Worship. In 1892 he led an unsuccessful effort to become the next president of Argentina. In subsequent years he went on to hold a number of political and diplomatic posts before successfully becoming president in 1910 and overseeing the adoption of democratizing reforms two years later.

[9]Roque Sáenz Peña's speech and official program announced on August 12, 1909. See Unión Nacional (1910a: Volume 1, 81-82).

Table 4.1: Committees Formed in Support of the Pro-Democracy Presidency of Sáenz Peña

Province	Total Number of Committees	Share of Departments with Committees	Avg. Committees per Department
City of Buenos Aires	67	1.0	3.35
Santa Fe	25	0.85	1.7
Santiago del Estero	24	0.7	1.2
Buenos Aires	11	0.08	0.11
Córdoba	10	0.308	0.38
Corrientes	8	0.32	0.32
Entre Ríos	6	0.4	0.4
Catamarca	4	0.2	0.27
Salta	4	0.09	0.19
Tucumán	3	0.25	0.25
San Juan	2	0.10	0.11
Mendoza	1	0.06	0.06
Total	**174**	**0.30**	**0.63**

Displayed in descending order based on the number of committees formed to support Sáenz Peña in a given province. Includes all provinces in the study group defined in Chapter 3. *Sources:* Unión Nacional (1910a,b).

(Rafael Cobo), and executive secretary (Enrique Zwanck), among others.[10]

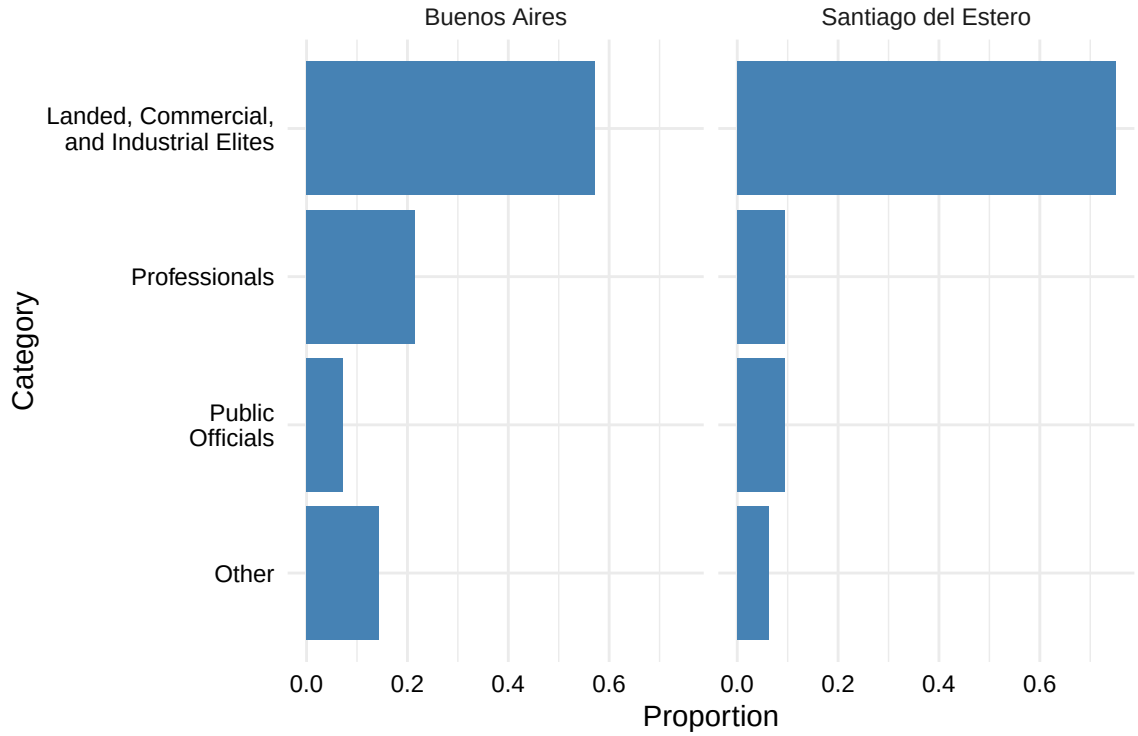
A key goal of the National Union was to cultivate a broad network of supporters across Argentina. In the month's after its founding, its Central Committee issued a directive encouraging those who supported Sáenz Peña to join the organization (Unión Nacional 1910a: Vol I 295-297). The comprehensive list of affiliated committees was published on the eve of the presidential election as part of a compendium to document Sáenz Peña's candidacy (Unión Nacional 1910a,b). Table 4.1 illustrates the breadth of support for Sáenz Peña across Argentina—committees were formed in all of Argentina's provinces and in 34 percent of the country's 346 departments.[11]

The role of elites in supporting Sáenz Peña's campaign was further reflected in their participation in the local committees that joined the National Union across Argentina's provinces. To demonstrate the breath of elite participation in these local committees, I

[10]Occupational information for these individuals is reported in Hogg (1904) and the census rolls from the 1895 census, available in Argentina's National Archive and online through the genealogical organization FamilySearch.

[11]Committees were formed in 28 percent of the 298 departments included in the study group described in Chapter 3.

Figure 4.1: Occupation of Committee Leaders Supporting the Pro-Democracy Presidency of Sáenz Peña



The occupational breakdown of president(s) and vice-president(s) of committees founded to support Sáenz Peña's pro-democracy candidacy in the provinces of Buenos Aires and Santiago del Estero. *Sources:* Original census rolls from the 1895 national census of 1895 (available in Argentina's National Archive and online through FamilySearch) and Unión Nacional (1910b).

examine the occupational background of the president(s) and vice-president(s) of the local committees reported in two provinces: Buenos Aires and Santiago del Estero.[12] Together, Buenos Aires and Santiago del Estero capture important variation in economic and social patterns across Argentina. Buenos Aires was the heart of the country's agricultural and pastoral activities and was comparatively more economically developed than other provinces (Taylor 1948: 211). In contrast, Santiago del Estero's semi-arid climate was unsuitable for most agriculture and was instead the site of labor-intensive logging of *quebracho* (a hardwood native to Argentina) and, to a lesser degree, ranching (Taylor 1948: 211; Dargoltz 2003).

[12]This analysis ignores three committees in Buenos Aires and two committees in Santiago del Estero that only reported adherents, without specifying the individuals who held executive positions.

It was among the least economically developed provinces in Argentina at the turn of the century.

Using information reported in the original rolls of Argentina's 1895 census, I coded individuals' reported economic occupations into four distinct categories.[13] The first category—"landed, commercial, and industrial elites"—corresponds to individuals who reported professions involving large-scale ranching, agriculture, manufacturing, or commercial activities related to the processing of goods for export. As its label suggests, this category refers to upper-class occupations held by economic elites.[14] Doctors, lawyers, and teachers are included in a second category, "professionals," while the category "public officials" includes individuals with positions in government, e.g. congressmen, judges, ministers, or governors. All remaining individuals fall in a broad, residual category.[15]

As Figure 4.1 illustrates, a substantial majority of the committee presidents and vice-presidents in Buenos Aires and Santiago del Estero are categorized as holding upper-class occupations. That we see overwhelming elite engagement in local committees across provinces with such distinct socioeconomic and demographic characteristics is indicative of elites' participation in the National Union and suggests this engagement was not concentrated along sectoral cleavages or provincial lines. This lends support to the claim that economic elites were instrumental in the formation of the electoral committees supporting Sáenz Peña's pro-democracy movement.

4.5 Co-optive Control and Elite Support for Democratization

The argument developed in Chapter 2 suggests that elites who invest in co-optive labor control should be more likely to support democratization. A challenge in assessing this claim is the lack of systematic measures of co-optive control prior to the adoption of democracy

[13]Compiled roughly fifteen years before the formation of the National Union committees, the census rolls include the name of each individual in the census, as well as these individuals' estimated age, occupation, and landowning status. They are available in Argentina's National Archive and online through the genealogical organization FamilySearch. It was not possible to locate all of the committee leaders in the census due to the limited information available in the membership lists and the historic nature of the census rolls. I was able to identify information for 61% of the 23 committee leaders in Buenos Aires and 51% of the 63 leaders in Santiago del Estero. The remaining individuals were either not listed in the census or matched multiple census entries. Furthermore, since the census occurred well before the electoral committees were formed, a number of members were too young to report an occupation. When possible, the occupation of their father was used as a proxy for their own.

[14]The occupational coding scheme is based on historical accounts of Argentina's occupational breakdown during the period and in the 1895 census specifically. See e.g. Scobie (1972: 1057) and Álvarez and Correa Deza (2013: 155). In some cases, occupations are recorded as *labradores* or *criadores*, broad categories of agricultural producers and ranchers that includes both landowners and hired farmhands (Álvarez and Correa Deza 2013: 134). I code individuals who reported owning land as economic elites, while those who did not own any land are considered farmhands and are excluded from this occupational category.

[15]Individuals that fall in this category were members of the military or small-scale farmers and ranchers.

in Argentina.[16] Yet, despite this measurement issue, there is suggestive evidence of a strong relationship between elite investments in co-optive control and support for democratization. Table 4.2 reports the results of an OLS regression of elite support for democratization on investments in co-optive control. The outcomes in this analysis are i) a binary indicator of whether or not a committee in support of Roque Saénz Peña's pro-democracy presidential candidacy was formed in a given department and ii) the total number of these committees created in each department. The results suggest a positive and statistically significant association between investments in co-optation and elite support for democratization. However, the existence of many potential confounders complicate the interpretation of the regression coefficients in Table 4.2 as causal effects.

Table 4.2: OLS Regression of Elite Support for Democracy on Co-optive Control

	Committee for Pro-Democracy Candidate	
	Binary Indicator	Total Number
	(1)	(2)
Co-optive Conference Attendance (Binary)	0.22***	0.44***
	(0.06)	(0.14)
Sample	Rural Provinces	Rural Provinces
Num. obs.	274	274

$^{*}p < 0.1$; $^{**}p < 0.05$; $^{***}p < 0.01$. Both specifications employ ordinary least squares (OLS) regression and include province fixed effects. The unit of observation is the department. The dependent variable in model 1 is a binary indicator of the presence of a committee in favor of the pro-democratic candidate Roque Saénz Peña in 1910. The dependent variable in model 2 is the total number of committees created in favor of Roque Saénz Peña in 1910. *Sources:* data on attendance of co-optive conferences is from Biblioteca de la Liga Patriótica Argentina (1920, 1922); data on elite support for Roque Saénz Peña is from Unión Nacional (1910a).

Absent exogenous variation in co-optive control, one potential strategy to estimate the effect of co-optation on elite support for democratization is to instrument for this form of control using elites' exclusion from Julio Roca's authoritarian ruling coalition, which led

[16]The earliest measure of co-optation available—which I employ in the analysis in Chapter 3—is from 1920. Democratizing reforms were adopted in 1912.

elites to invest in co-optation in the Argentinean case. Indeed, I show in the previous chapter that elites in places that were excluded from Roca's ruling coalition were more likely to invest in co-optive labor control due to the high costs of pursuing repression without the support of repressive resources from the state. Pursuing this approach is difficult, however, because of the lack of systematic measures of co-optive control in the period between elites' exclusion from the ruling coalition in 1902 and the adoption of democracy in Argentina. A second, and related, issue is the weak first-stage relationship between the potential instrument—assignment to exclusion from the ruling coalition—and the attendance of conferences on worker co-optation, likely because this measure of elite investments in co-optation occurred roughly twenty years after the treatment with exclusion.[17]

There are, however, good reasons to expect the relationship between exclusion and co-optive labor control to be stronger in the years immediately following the implementation of "treatment" with exclusion. There are at least two rationales for this expectation. First, effects often attenuate over time.[18] This may be due to a number of dynamics. In this particular case it could, for example, reflect an overall reduction in the need for labor control, which would reduce observed differences in the strategies of control elites pursue across places that were treated with exclusion and those that were not. Second, and perhaps more importantly, we would generally expect to observe a larger effect of exclusion on co-optation under authoritarianism, since the alternative strategy of control—repression—was likely easier to pursue in authoritarian, rather than democratic regimes. As I demonstrate in Section 4.6, evidence from Argentina supports this expectation; in the months following the passage of democratizing reforms, Argentina's government declined to intervene to repress striking tenant farmers in the province of Santa Fe, despite the unprecedented severity of the rural strike (Ricci 2016: 111-112; Solberg 1971: 25-26).

That Chapter 3 demonstrates an effect of exclusion on elites' investments in co-optive labor control so long after the implementation of the "treatment" is thus indicative of the strength of the causal relationship. The observed effect can be considered a conservative estimate of the impact of exclusion on co-optive control, which we would expect to have been stronger in the years immediately following the 1902 lottery. Hence, while using exclusion from Roca's ruling coalition to instrument for co-optive control may not be empirically tractable, it is reasonable to expect elites' exclusion to have shaped the strategies of labor control they pursued in the final years of Argentina's authoritarian regime.

Indeed, both primary and secondary accounts suggest the exercise of either co-optive or repressive labor control was a salient choice for economic elites in the years preceding

[17]The F-statistic associated with a regression of investments in co-optive control on assignment to exclusion from Roca's ruling coalition is 4.12, below the general rule of thumb that first-stage F-statistics be greater than or equal to ten (Staiger and Stock 1997). An additional concern in pursuing this strategy is the validity of the exclusion restriction, namely that being excluded shaped only elite support for democratization through the channel of co-optive control. I return to this concern in Section 4.5 and provide empirical evidence to assuage concerns about the validity of this assumption.

[18]An effect of a cause can simultaneously attenuate and persist over time—the effect can remain present even as its overall magnitude decreases.

Argentina's democratic transition. Some economic elites—many of whom had access to the authoritarian state—prioritized repressive labor control. For example, Eduardo Oliver, a winemaker and national congressmen from the province of Buenos Aires, advocated deploying the army to control workers, and especially anarchists, who he viewed as instigating strikes in the first decade of the twentieth century (Congreso Nacional, Argentina 1910: 295-296).[19] Julio A. Costa, a landowner from the province of Buenos Aires who also served in Argentina's congress, echoed the importance of state-led repression. He called for new legislation with stronger punishments for workers who went on strike, arguing they threatened the public interest (Dufey 1913: 92).[20] In the monthly Bulletin of the Industrial Union, elites demanded the state suppress associations that support striking workers, arguing their activities threaten "the tranquility and riches of the country beyond what can be tolerated" (Boletín de la Unión Industrial Argentina 1907: 3-4).

Other elites, however, prioritized the co-optation of workers. In Tucumán's sugar industry, for example, some elites co-opted workers through employer-provided housing in company towns around sugar factories and processing zones. These facilities to house workers and their families facilitated employer surveillance and isolated the working population from traditional labor unions that might try to organize workers against elites' wishes (Juarez-Dappe 2010: 110). Meanwhile, amidst a rise of labor unrest in the province of Buenos Aires, elites in the department of San Nicolás relied on employer-led societies of "free laborers" to stop workers from organizing into traditional labor unions and to prevent work stoppages and other labor disruptions (*La Vanguardia*, October 4, 1905). Carlos Senillosa, an industrialist who owned a cement factory in Buenos Aires, also expressed concern about labor unrest at the turn of the twentieth century, but did not seek the support of the state's repressive resources (Hora 2001: 141).[21] In 1904, landowner and cattle rancher Juan Balestra underscored the risk that strikes posed to agricultural exports, stating, "While congress debated this question in the field of theories, the 'labor federation' debated whether these strikes should be generalized ... or if they should be scheduled for next November, during harvest time ..." (Congreso Nacional, Argentina 1904: 552).[22] To control labor, Balestra favored the adoption of a co-optive national labor code that would further economic elites' control labor organizations (Congreso Nacional, Argentina 1904: 552; Walter 1977: 84-85).

These elites' preferences over democratization appear to have diverged based on their reliance on either co-optive or repressive labor control. On the one hand, the elites who prioritized state-led repression generally opposed democratization. For example, Julio A. Costa and Eduardo Oliver—who viewed state-led repression as critical to controlling labor—were serving as congressmen in 1912 when Sáenz Peña's democratizing reforms were debated in congress. They opposed Sáenz Peña's reform efforts, vocalizing their opposition in Ar-

[19]Oliver is listed as a winemaker in Hogg (1904: 135).

[20]Julio A. Costa was listed as an *hacendado* in Argentina's census in 1895 (https://www.familysearch.org/ark:/61903/1:1:MWCL-TP3).

[21]The Senillosa family's history and economic activities are detailed in (Hora 2002: 313).

[22]Balestra is reported as owning a large cattle ranch in the rural outskirts of the city of Corrientes (Serrano 1904: 249).

gentina's congressional debates (López 2005: 282).

The elites who instead emphasized co-optive control, however, tended to support Argentina's democratizing reforms. In San Nicolás, where elites formed an employer-led "free-labor" society, a committee was founded in support of Sáenz Peña's pro-democracy presidential candidacy in 1910 (Unión Nacional 1910a: 178). Members of Tucumán's Popular Union (*Unión Popular*), a political organization comprised primarily of sugar industrialists, many of whom invested in co-optive company towns, also supported Sáenz Peña's pro-reform candidacy (Unión Nacional 1910a: 229).[23] Juan Balestra, who previously vocalized a preference for co-optive labor control, actively supported Roque Sáenz Peña's pro-reform presidential campaign and joined the National Union in 1910, as did Carlos Senillosa (Unión Nacional 1910a: 306, 335).

It is noteworthy that elites who supported and opposed Argentina's democratic transition shared characteristics that existing scholarship generally expects to shape elite preferences over democratization. It is often thought, for example, that elites' asset portfolios determine their support for, or opposition to, democratization. Arguments along these lines emphasize the redistributive threat associated with democratic institutions, suggesting that landowners will oppose democratization because land is an immobile asset, making it difficult to shield from taxation in democratic settings (Acemoglu and Robinson 2000, 2006; Boix 2003; Ziblatt 2006). The opposition of landed elites such as Julio A. Costa and Eduardo Oliver, both of whom advocated repressive labor control, is consistent with this expectation. Other landowners, however, including Juan Balestra, those in San Nicolás, as well as Ezequiel Ramos Mexía and members of the Liga Agraria (described in Section 4.4) supported Argentina's democratic transition.

The intensity of elites' dependence on labor also does not appear to have shaped their preferences toward democratization. Scholars often suggest that elites who rely on a large workforce will oppose democratic transitions due to fears democracy will erode their political and social control over labor.[24] Yet, elites who engaged in similarly labor-intensive activities diverged in their preferences over democratization. For example, while the sugar industrialists in Tucumán's Popular Union supported democratization, other members of the sugar industry in Tucumán opposed regime change; of the seven congressmen who represented Tucumán in Argentina's national government—all of whom had ties to the sugar industry—only two supported democratization (López 2005: 280-283).

Notably, many of the elites who vocalized a preference for co-optive control and went on to support democratization were excluded from authoritarian incumbent Julio Roca's ruling coalition. In Tucumán, many of the sugar industrialists who joined the Popular Union were sidelined from Roca's coalition at the turn of the twentieth century following a conflict with his political ally in the province, governor Lucas Córdoba (Bravo 1991: 7). These

[23]The organization's support was communicated by Pedro Alurralde, an industrialist who managed a large sugar mill in Tucumán (Guy 1973: 317). For information on the composition of the Popular Union, see (Bravo 2000: 46, 60).

[24]See e.g. Gerschenkron (1943); Moore (1966); Rueschemeyer et al. (1992); Mahoney (2003); Albertus (2017).

industrialists were unable to depend on the government for repressive resources to control workers (Bravo 2000: 60). While some gained access to a congressman who could advocate their interests in Roca's government through the 1902 law, others remained excluded from his ruling coalition. It is likely no coincidence that it was these excluded elites, in departments such as Famaillá that did not select a legislator through the 1902 law, that invested most in co-optation (Lichtmajer et al. 2016: 220). Similar to sugar industrialists in Famaillá, elites in San Nicolás were excluded from Roca's government as a result of the 1902 law. For his part, scholars describe Carlos Senillosa as hailing from a family of wealthy landowners and industrial entrepreneurs who long opposed Roca and did not hold elected positions in his authoritarian government, suggesting he too was excluded (Hora 2002: 307).

This evidence lends further credence to the assertion that economic elites who were excluded from Argentina's authoritarian ruling coalition invested in co-optive strategies of labor control, which in turn critically shaped their support for democratization in Argentina. To further assess the effect of co-optive labor control on elite support for democratization, I return to the empirical strategy employed in Chapter 3 that examines the impact of exclusion from Roca's authoritarian government. As a reminder, the evidence presented in Chapter 3 demonstrates that exclusion from Roca's government—which made it difficult for elites to rely on the state to reduce the costs of repression—led to greater investments in co-optive labor control. The empirical design leverages the lottery held in 1902 that randomly assigned elites in some places to select a congressman to advocate their interests in Roca's government, while excluding others.[25] The present analysis first uses the same design to identify the effect of exclusion from Roca's authoritarian ruling coalition on elite support for democratization. Similar to the analysis in Table 4.2, support for democratization is measured by i) a binary indicator of whether or not a committee in support of Roque Sáenz Peña's pro-democracy presidential candidacy was formed in a given department and ii) the total number of committees created in each department.

Table 4.3 provides evidence that, in addition to increasing investments in co-optation, exclusion from Roca's authoritarian ruling coalition also increased the likelihood that pro-democracy committees were formed in a given department. Of the 298 departments included in the analysis, 28 percent are reported as having founded a committee in support of Sáenz Peña's pro-democracy presidential campaign in 1910. Across Argentina, places that were excluded from the ruling coalition were 11 percentage points more likely to form a pro-democracy committee (model 1). This effect holds when the analysis is limited to Argentina's provinces, where rural landowners—often hypothesized to be the most deeply opposed to democratization—predominated. As model 2 indicates, the probability that a pro-democracy committee was formed in 1910 was significantly higher in rural departments that were excluded from the ruling coalition under the 1902 electoral law than in those rural departments that obtained a legislative representative through the law. Moreover, provincial departments that were excluded experienced the formation of 0.24 more pro-democracy committees, on average (model 4).

[25]Section 3 of Chapter 3 details the design and its assumptions.

Table 4.3: The Effect of Exclusion from the Authoritarian Ruling Coalition on Elite Support for Democracy

	Committee for Pro-Democracy Candidate			
	Binary Indicator		Total Number	
	(1)	(2)	(3)	(4)
Excluded	0.11***	0.12***	0.19*	0.24**
	(0.04)	(0.04)	(0.10)	(0.09)
Sample	All Obs.	Rural Provinces	All Obs.	Rural Provinces
Num. Clusters	106	86	106	86
Num. Obs.	298	278	298	278

*$p < 0.1$; **$p < 0.05$; ***$p < 0.01$. A weighted difference-in-means estimator is calculated to account for the unequal probability of treatment across provinces. In all models, the unit of observation is the department. Standard errors are clustered at the level of the electoral district. The dependent variable in models 1 and 2 is a binary indicator of the presence of a committee in favor of pro-democratic candidate Roque Saénz Peña in 1910. The dependent variable in models 3 and 4 is the total number of committees created in favor of Roque Saénz Peña in 1910. *Source:* Unión Nacional (1910a).

To provide further evidence that it is specifically elite investments in co-optive labor control driving the effect of exclusion on support for democratization, I analyze heterogeneity in the estimated effects reported above based on the salience of labor control as a concern across Argentina's departments. Specifically, I examine how variation in the intensity of elites' reliance on labor control moderates the effect of exclusion on elite support for democratization. If co-optive control is driving the observed effects, as my theory suggests, we would expect the findings to be concentrated in areas where the need to control labor is of greater concern to elites. To evaluate this claim, I collected information on the prevalence of different forms of rural land tenure arrangements from the 1895 national census. Labor control should be a more salient concern in places where a higher share of farms employed sharecropping—rather than market-based—land tenure arrangements; when elites enter into sharecropping arrangements with labor, their profits are tied to workers' productive output, rather than the fixed income associated with market-based rental contracts. Elites who engage in sharecropping arrangements thus have a greater incentive to control workers in order to maximize their profits, e.g. by preventing losses associated with inefficient farming prac-

tices, crop selection, or a failed harvest. To assess whether or not this is the case, I divide departments into "high" and "low" categories based on whether the share of properties that employ sharecropping in a given department falls above or below the median of the overall distribution.

The findings from this heterogeneous treatment effects analysis, reported in Table 4.4, are consistent with my theory. The effect of exclusion on elite support for democratization is concentrated in areas where the salience of labor control is higher, i.e. those departments in which the share of farms operated using sharecropping arrangements was above the median (models 2 and 4). Comparatively, the effect of exclusion is smaller in magnitude and statistically indistinguishable from zero in areas with below the median share of farms that employed sharecropping (models 1 and 3). These results suggest that exclusion from Roca's authoritarian ruling coalition increased support for democratization in places where exercising labor control was of greatest concern to economic elites, supporting the claim that elites' investments in co-optive control were critical in driving their support for democratization.

Assessing Alternative Channels of Exclusion's Influence

One concern that might arise regarding the above analysis is that exclusion from Roca's authoritarian ruling coalition shaped elites' support for democratization through alternative channels, other than investments in co-optive labor control.[26] We might worry, for example, that there is a direct relationship between exclusion from Roca's ruling coalition and support for democratization—excluded elites might have less to lose from a democratic transition because, in comparison to those who are included, they do not need to worry about losing their political influence following the adoption of democratic institutions. This is less of a concern in the empirical case of Argentina because the 1902 law that led to the inclusion of elites in roughly half of the country's territory was repealed in 1905 and the legislative terms of the congressmen who were selected through the law ended in 1908, *prior* to democratization. It is thus unlikely that inclusion or exclusion itself directly shaped elite preferences over democratization.

A second, related concern is whether exclusion from Roca's authoritarian ruling coalition shaped other factors that also make elites more likely to support democratization. At the turn of the twentieth century, Argentina's government regularly subsidized the construction of railroads, irrigation systems, and the purchase of expensive industrial and agricultural machinery from abroad. Where present, this government support dramatically increased land values, as well as elites' productive potential and future profits (see e.g. Fajgelbaum and Redding 2022).

If exclusion from Roca's government made it more difficult for elites to benefit from this form of government assistance, then excluded elites might be more supportive of democratization because their comparatively lower land values and profits would reduce the

[26]In methods work this would constitute a violation of the exclusion restriction, which in this context requires that being excluded from Roca's ruling coalition shaped elite support for democratization *only* through elite investments in co-optive control.

Table 4.4: Heterogeneous Treatment Effects by the Salience of Labor Control

	Committee for Pro-Democracy Candidate			
	Binary Indicator		Total Number	
	(1)	(2)	(3)	(4)
Excluded	0.04	0.18**	0.17	0.33**
	(0.05)	(0.08)	(0.13)	(0.15)
Salience of Labor Control	Low	High	Low	High
Sample	Rural Provinces	Rural Provinces	Rural Provinces	Rural Provinces
Num. Clusters	50	54	50	54
Num. Obs.	121	113	121	113

$^{*}p < 0.1$; $^{**}p < 0.05$; $^{***}p < 0.01$. A weighted difference-in-means estimator is calculated to account for the unequal probability of treatment across provinces. In all models, the unit of observation is the department. Standard errors are clustered at the level of the electoral district. The dependent variable in models 1 and 2 is a binary indicator of the presence of a committee in favor of pro-democratic candidate Roque Saénz Peña in 1910. The dependent variable in models 3 and 4 is the total number of committees created in favor of Roque Saénz Peña in 1910. *Sources:* Unión Nacional (1910a); Argentina (1898).

threat of economic redistribution following a democratic transition.[27] To assess this rival explanation, I draw on data about the construction of railroad stations and the value of pastoral and agricultural machinery (which we might expect governments to subsidize or exempt from costly import taxes for elites included in the ruling coalition). I also rely on data related to economic production, as higher rates of productivity might reflect the presence of agricultural machinery.[28]

[27]This logic builds on a substantial literature about the relationship between wealth, and specifically wealth tied to immobile assets, in shaping elite preferences over democratic transitions. See e.g. Ziblatt (2008); Acemoglu and Robinson (2001, 2006); Boix (2003); Gerschenkron (1943).

[28]To measure the growth of railroads across the country, I use information about the location of railroad stations in 1902 and 1910 (Argentina 1903, 1912). I calculate the value of agricultural and pastoral machinery as well as the number of cattle based on information included in Argentina's first national agricultural census (Argentina 1909a). To measure overall production per hectare, I use information about the average

Table 4.5: The Effect of Exclusion on Potential Alternative Channels Shaping Support for Democracy

	Train Stations (1902 vs. 1910)	Rural Machinery (Value/Ha.)	Agric. Production (Avg./Ha.)	Number of Cattle
	(1)	(2)	(3)	(4)
Excluded	0.01	−0.76	32.22	15,176
	(0.04)	(0.82)	(54.18)	(20,688)
Sample	Rural Provinces	Rural Provinces	Rural Provinces	Rural Provinces
Num. Clusters	84	85	85	85
Num. Obs.	274	270	270	270

$^{*}p < 0.1$; $^{**}p < 0.05$; $^{***}p < 0.01$. A weighted difference-in-means estimator is calculated to account for the unequal probability of treatment across provinces. In all models, the unit of observation is the department. Standard errors, in parentheses, are clustered at the level of the electoral district. The number of observations across models varies due to border changes that could not be recovered given the structure of the outcome data. *Sources:* data on train stations is from Argentina (1903, 1912); information on the value of machinery, economic production, and cattle is from Argentina (1909a,b).

The results reported in Table 4.5 suggest that exclusion from Roca's ruling coalition did not affect investments in machinery or infrastructure, nor did it increase productivity.[29] Exclusion had no apparent effect on the construction of new train stations, the value of agricultural machinery, agricultural production, or the number of cattle owned in a given department. Moreover, the direction of the estimated coefficients is generally positive, and thus inconsistent with the argument that exclusion made it more difficult for elites to benefit from government assistance, at least in the form of infrastructure projects and other subsidies. That we see no effect of exclusion on these outcomes lends plausibility to the claim that investments in co-optive labor control are indeed a key mechanism through which exclusion shapes elite support for democratization.

production of wheat, corn, barley, alfalfa, flax seed, and oats per hectare. This data is also from the agricultural census.

[29]The City of Buenos Aires is excluded from the analysis. It was entirely urban and thus did not form part of the agricultural census. It is also not possible to identify the exact location of train stations within the city to link them with the electoral districts created through the 1902 law.

4.6 The Difficulty of Exercising Repression During Argentina's Democratic Transition

Why did distinct strategies of labor control shape elite preferences over democratization? A key claim of this dissertation is that elites who pursue repression under authoritarianism are more sensitive to democratization than those who rely on co-optation because it is difficult to employ repressive control under democracy. I argue that democratic states are unlikely to tolerate, much less participate in, the repression of workers due to the expanded political power of the popular sectors in democratic contexts. Where elites rely on repression prior to democratization, they thus face a greater risk of labor mobility and mobilization post transition. In Argentina, it would not take long for this issue to come to the fore. This section examines the state's response to labor unrest, and the challenge elites faced in the exercise of repressive control, just after Argentina's democratizing reforms were adopted.

In the months following the adoption of the secret ballot and other reforms to democratize Argentina's electoral system in early 1912, a large strike erupted in the department of Constitución, located in the heart of Argentina's corn belt in province of Santa Fe. Thousands of tenant farmers gathered in the rural department to protest the high price of rented land and a series of failed harvests that left many unable to pay off their debts (Federación Agraria Argentina 1987: 31).[30] The 1912 strike, although generally nonviolent, effectively halted farm work for two months, threatening not only the country's export economy but also the income of the landowners from whom tenants rented their farms.

The unrest, which rapidly spread to other departments in Santa Fe, was too large for any individual landowner to put down with force and some sought the government's assistance in forcing tenant farmers back to work in the fields.[31] For example, a landowner by the name of Molina was reported in a local newspaper to have requested the aid of provincial security forces (*La Capital*, Julio 8, 1912; originally cited in Ricci 2016: 112). On July 17, 1912, landowners sent a letter to the governor declaring, "In the presence of the abnormal situation that a large area [of the province] finds itself ... we allow ourselves to suggest to you that it would be advisable to request the help of the Nation's armed forces ..." (originally cited in Ricci 2016: 99).

Yet, landowners generally struggled to secure support from Santa Fe's provincial government, the first to hold democratic provincial elections following the adoption of the democratizing reforms earlier that year.[32] As Hora (2001) describes,

> The tenants' strike took place a few months after Santa Fe became the first province to elect its government under the new suffrage law... the government

[30] Rental prices in southern Sante Fe, for example, rose from between 18 and 20 percent of the crop in 1904 to at least 35 percent in 1912 (Solberg 1971: 23).

[31] The strike also spread to other provinces, including Córdoba and Buenos Aires, among others. The present analysis focuses primarily on the events that took place in the province of Santa Fe.

[32] Provincial elections took place in Santa Fe on March 31, 1912, just over a month after the adoption of democratizing reforms in Argentina. The governorship, as well as all of the seats in the the provincial congress and senate, were selected through the elections that took place on that date.

> was forced to act more responsively to the demands of the electorate. With political participation extending deeper into society, the political allegiance of the middle and lower classes could no longer be taken for granted. In Santa Fe, the recently elected Radical government adopted a sympathetic policy towards the strikers ... (140-141).

Rather than unequivocally supporting landowners' requests for labor repression, the provincial government instead pressured elites affected by the strike to negotiate with tenant farmers and identify a mutually agreeable solution (Donghi 1984: 383; Ricci 2016: 100). After issuing a report outlining the abuses tenant farmers frequently faced from landowners, the government urged reductions in rents, the adoption of three-year rental contracts to limit the cost of renting land, and the loosening of elite-imposed restrictions on the processing of agricultural products (Ricci 2016: 110; Solberg 1971: 25).

Even the authoritarian president, likely with an eye toward the first democratic presidential elections in 1916, assumed a circumspect approach to the strike activity in Santa Fe. From the beginning of the conflict, the president made clear he saw this as a provincial issue in which the national government should play little to no role (Ricci 2016: 111). In a congressional address on July 29, 1912, for example, the president argued the national government lacked authority to intervene in what he considered a private contractual dispute (Solberg 1975: 26). Rather than facilitate repression, the Ministry of Agriculture sent investigators to Santa Fe to identify the roots of the conflict and outline a peaceful path toward its resolution (Solberg 1971: 26).[33]

The events in Santa Fe support the claim that repressive control is difficult to employ in democratic contexts. Just months after the adoption of Argentina's democratizing reforms, politicians were reluctant to support repression in the province. Not only did they generally decline to send troops to forcibly end the labor conflict, but they also encouraged landowners to negotiate with tenant farmers rather than employ violence to resolve the strike.

4.7 Variation in Labor Control During Argentina's Democratic Transition

Building on these challenges to the pursuit of repression under democracy, my argument suggests that elites who previously employed co-optive control are comparatively better positioned to maintain control over workers following democratization. In contrast to repression, co-optive control can be more easily transferred to democratic contexts; since it does

[33]The investigators recommended the adoption of arbitration committees, but the national government did not pursue these recommendations (Solberg 1971: 26). While Solberg (1971) views the national government's inaction as evidence it sided with landowners in the strike, this conclusion is questionable given the state's reluctance to comply with landowners' repeated requests for state-led repression. Indeed, other scholars view the national government's passive position in the conflict as a key victory for tenant farmers and argue it played an important role in the concessions farmers were eventually able to secure from landowners upon the strike's resolution (see e.g. Halperín Donghi 1987: 273).

not rely on the use or threat of force, democratic states are less likely to interfere with the exercise of co-optation. Moreover, it is difficult for elites who previously pursued repression to shift to a strategy of co-optive control due to the adversarial relationship that repression engenders between elites and workers.[34] For these reasons, I argue that elites who previously employed co-optation are likely to be better able to control labor following democratization than those who previously pursued repression.

To provide evidence supporting this component of my argument, this section examines the retention of permanent agricultural laborers across areas of Argentina that were more likely to pursue either co-optive or repressive labor control under authoritarianism. It employs the same empirical strategy described in Section 4.5. An ideal analysis might examine the change in the number of laborers before and after democratization to assess whether elites who pursued co-optive control were better able to retain their labor force following Argentina's regime transition. However, there exist two challenges to this approach. The first relates to how laborers were counted across available indicators of the agricultural workforce. I rely on two measures of agricultural workers, one from 1908 and a second from 1914. Unfortunately, due to differences in measurement, it is not possible to directly compare changes in the number of laborers over time within a given department.[35] Instead, I examine each measure separately.

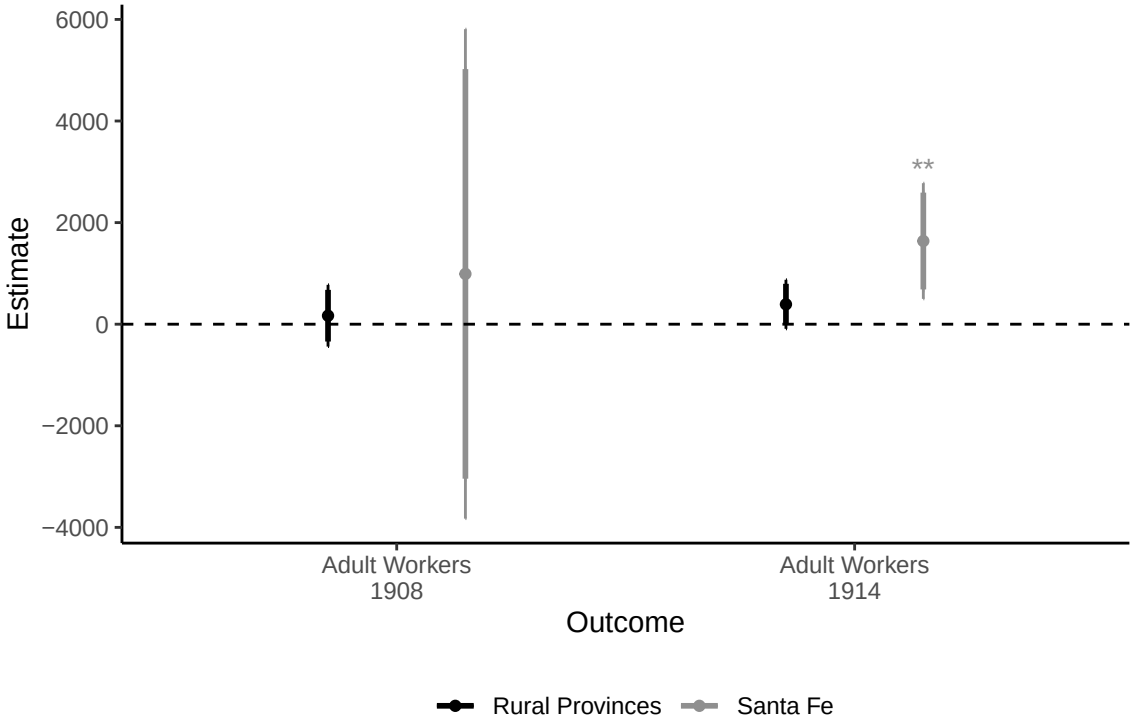
A second difficulty relates to the year in which measures of the agricultural workforce were recorded. The 1908 measure was collected prior to the adoption of democratizing reforms. However, the measure from 1914 occurred in the midst of Argentina's democratic transition—democratizing reforms were officially adopted in 1912, yet the timing of democratic elections to replace sitting authoritarian politicians varied. Many national congressmen, for example, were elected in early 1914 and thus were only in office for two months before the 1914 census was carried out. The timing of provincial elections also varied depending on each province's electoral laws. The presence of authoritarian politicians in many provincial and national posts may have made it easier for some elites to continue to employ repression in 1914, despite the adoption of democratizing reforms. To address this concern, I provide an additional set of analyses looking only at departments in Santa Fe, the only province for which all provincial and national politicians were democratically elected by 1914 (see Footnote 32).

Figure 4.2 provides evidence in support of my argument. In 1908, prior to democratization, there is no difference in the number of laborers across places that were excluded or included in Roca's ruling coalition, which in turn shaped whether elites pursued either co-optive or repressive labor control. This is consistent with my theory, as both repression and co-optation should operate under authoritarianism. In 1914, however, two years after

[34]Comparatively, co-optive control leads to a less-adversarial relationship that involves the provision of resources to workers that are structured to manipulate and constrain their behavior.

[35]Argentina carried out its first agricultural census in 1908. The census recorded the number of laborers employed year-round in agricultural activities (Argentina 1909a). Less than ten years later, the national census of 1914 measured the number of laborers living on agricultural properties (Argentina, Comisión Nacional Censo 1916a). The next relevant measure is from the national census of 1947.

Figure 4.2: The Effect of Exclusion from the Authoritarian Ruling Coalition on the Number of Permanent Agricultural Workers (1908, 1914)



A weighted difference-in-means estimator is calculated to account for the unequal probability of treatment across provinces. In all models, the unit of observation is the department. Standard errors are clustered at the level of the electoral district. The dependent is the the number of permanent agricultural workers under authoritarianism (1908) and during Argentina's democratic transition (1914) (see Footnote 35 for a detailed description). *Sources:* Argentina (1909b) for workers in 1908; Argentina, Comisión Nacional Censo (1916b) for workers in 1914.

democratizing reforms were adopted in Argentina, evidence of a divergence in the number of permanently employed laborers begins to emerge. Places excluded from Roca's coalition, which were thus more likely to pursue co-optation, retained a greater number of permanent laborers than those places that were included. The difference in the number of permanent agricultural workers is in the expected direction when comparing all rural departments in Argentina, though it is not statistically distinguishable from zero at conventional levels of significance ($p < 0.12$). As discussed above, this may be because authoritarian officials remained in office in 1914, permitting a temporary continuation of labor repression despite the adoption of democratizing reforms. Lending support to this interpretation, the analysis

limited to Santa Fe—where democratic elections for provincial and national politicians had already taken place by 1914—suggests that exclusion from Argentina's authoritarian ruling coalition led to a greater number of permanent agricultural laborers in 1914.

Where did laborers migrate following democratization? Some likely moved to the City of Buenos Aires or urban centers such as Rosario, Córdoba, La Plata, and even Mendoza and San Miguel de Tucumán, all of which grew rapidly at the turn of the twentieth century (Scobie 1964: 155; Bethell 1993a: 84).[36] Others may have remained nearby, but moved to the growing towns emerging around local railroad stations (Bethell 1993a: 84). Still others may have traveled across the country to take advantage of high wages during harvest season, or moved between the urban and rural sectors based on labor demand (Korzeniewicz 1989: 73). Regardless, the evidence suggests fewer laborers remained permanently employed in places where ties to the authoritarian state made the pursuit of repression more likely under authoritarianism.

The findings presented here suggest that exclusion from Roca's authoritarian ruling coalition—which led elites to pursue co-optation—also shaped elites' ability to keep workers tied to their properties during Argentina's democratic transition. In 1914, places excluded from Roca's coalition maintained more permanent laborers than those places with ties to the authoritarian state. This is consistent with my argument that excluded elites, who pursue co-optation, are better positioned to preserve labor control following the adoption of democratization than those included in the authoritarian government who previously relied on repression.

4.8 Conclusion

Economic elites often play a critical role in shaping democratic transitions. While we might expect them to oppose democratization, this chapter has documented elites' widespread support for the adoption of democracy in Argentina. In 1910, for example, committees were formed in support of the pro-democracy politician Roque Sáenz Peña's in nearly one in three of the country's departments. Elites were well represented within these committees, serving in the majority of leadership positions. They also held key positions in the national organization founded to support Sáenz Peña and many were vocal in expressing their support for regime change.

The chapter also provides evidence that, consistent with my theory, investments in co-optive labor control critically shaped this support. The findings demonstrate that elites in places excluded from Roca's authoritarian ruling coalition—which raised the costs of repression and thus made investments in co-optive control more likely—were more likely to support democratization. This is not to suggest that investments in co-optive control were the sole determinant of elite preferences over democratic transitions. Any number of

[36]Between 1869 and 1914, for example, the percentage of inhabitants living in urban areas rose from under 30 to 53 percent (Bethell 1993a: 83). While immigration from abroad accounted for a large share of this population growth, internal migration "was by no means insignificant" (Bethell 1993a: 83). It continued to grow in magnitude from 1910 onward, eventually outpacing immigration (see e.g. Walter 2014: 70-71).

other considerations likely impacted elites' decision to either support or oppose democracy, and scholarship has pointed to factors such as the composition of elite asset portfolios or dependence on labor in influencing elite preferences over democratization. Yet, the evidence presented in this chapter suggests that the strategy of labor control elites pursue under authoritarianism is also an important dynamic that weighs heavily on elite preferences over regime type.

Chapter 5

Elites and Labor Control in Democracy

5.1 Introduction

A key claim of the argument presented in this dissertation is that co-optive control endures beyond transitions to democracy. The persistence of co-optation into the democratic period has already been documented in the previous chapters. In Chapter 3, for example, I show that places excluded from the authoritarian government were more likely to invest in co-optive control in the early 1920s, years after Argentina's democratic transition. Similarly, Chapter 4 demonstrates that exclusion led to less labor mobility in the years immediately following the adoption of Argentina's democratizing reforms, suggesting that co-optive control endured beyond the moment democratizing reforms were adopted. What did co-optation under democracy look like in Argentina? And what were the implications of co-optation's endurance in Argentina's democratic period?

In this chapter, I examine the role of co-optive control in limiting the material concessions elites are forced to cede to workers in the decades following democratization. The chapter examines the persistence of co-optation across Argentina through a detailed case comparison of two company towns, Bella Vista and Los Ralos, in the region of Tucumán devoted to the cultivation and processing of sugar cane. The analysis suggests the emergence of two distinct paths in Argentina's democratic period based on whether or not elites invested in co-optation under authoritarianism. Building on co-optive arrangements they developed in the authoritarian period, elites in Bella Vista were able to continue to exercise co-optive labor control under democracy. In Los Ralos, where elites relied instead on repression under authoritarianism, they struggled to contain labor conflict and were often forced to make concessions to labor's demands for higher wages and improved working conditions. The chapter then demonstrates that, once co-optive arrangements were interrupted in the early 1940s, places where workers were previously co-opted—and thus long struggled to extract labor concessions—expressed greater support for the pro-poor and redistributive candidate in the 1946 presidential elections.

The findings presented in this chapter suggest that, though co-optive control may increase elite support for democratization, it can also limit the degree to which democracy

represents a meaningful break with the authoritarian past. Because co-optive control can endure into the democratic period, it curbs workers' ability to exercise agency and limits the degree to which democracy levels the economic playing field between employers and labor. Hence, while labor co-optation may improve the prospects of a democratic transition, it does not necessarily bode well for workers' rights and employment conditions in the long term.

5.2 Elites and Labor in Democracy: Comparing Two Cases

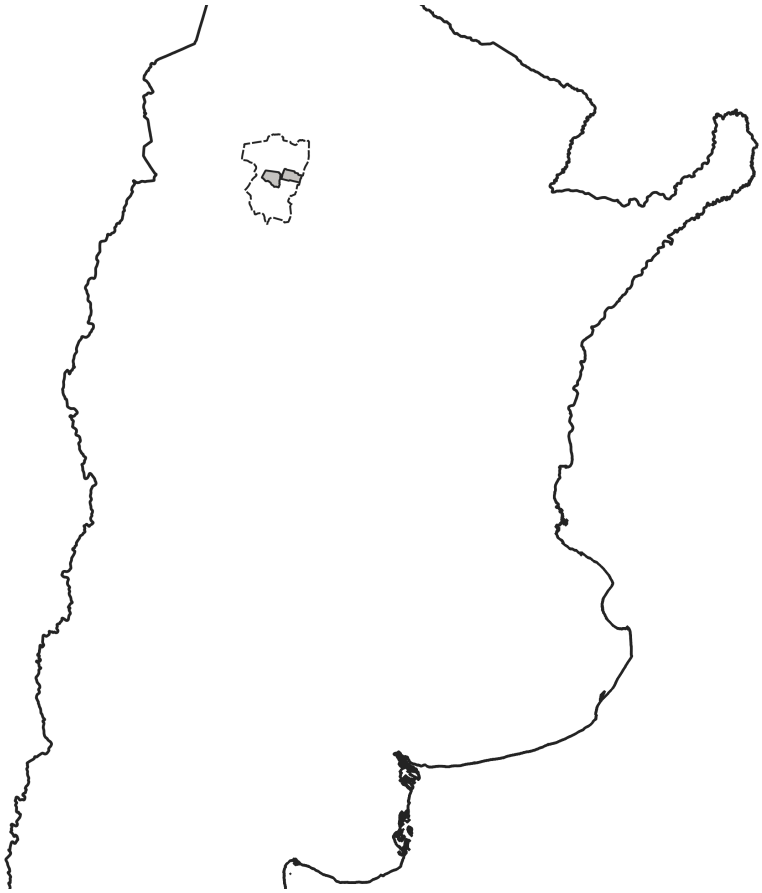
This section endeavors to shed light on variation in the patterns and intensity of labor conflict in the decades after democratization. I employ a most-similar case study design in which I compare two rural company towns in the heart of northern Argentina's sugar region: Bella Vista and Los Ralos.[1] These towns are located in neighboring departments in the province of Tucumán (see Figure 5.1).[2] Both were planned company towns devoted overwhelmingly to the cultivation and processing of sugar cane and share a number of demographic and economic characteristics that we might expect to predict labor conflict (see Table 5.1).[3] Yet, while in Bella Vista elites in the democratic period were largely spared major confrontations with labor and avoided making serious concessions to workers, in Los Ralos repeated strikes and labor mobilizations compelled elites to raise wages and improve working conditions in their sugar facilities. I argue that this divergence can be attributed to the distinct strategies of labor control that elites pursued under authoritarianism.

[1]Both towns were categorized as rural in Argentina's national census of 1895, with no urban population reported.

[2]I compare towns in two different departments because the 1902 electoral law—which exogenously reduced the cost of repression for some economic elites by allowing them to select an agent to serve in the authoritarian government—rarely crosscut departments. As a result, we would expect company towns within any given department to generally pursue the same strategy of labor control (unfortunately, data limitations prevent a systematic assessment of whether this is the case).

[3]Table A1 in Appendix 6.4 demonstrates that, similar to the towns of Bella Vista and Los Ralos, Famaillá and Cruz Alta shared many key socio-economic and demographic characteristics.

Figure 5.1: Case Comparison in the Province of Tucumán



Displays the location of the departments of Famaillá (left) and Cruz Alta (right) within the province of Tucumán (dashed line). The company town of Bella Vista is located in Famaillá; Los Ralos is located in Cruz Alta.

Table 5.1: Background Characteristics: Bella Vista and Los Ralos

	Bella Vista	**Los Ralos**
Population	947	1160
Distance to capital (km)	28	27
Permanent laborers	400	420
Laborers employed at harvest	450	300
Value of sugar mill ($pesos$)	1,000,000	800,000
Family owned sugar mill	Yes	Yes

Socioeconomic and demographic characteristics of Los Ralos and Bella Vista, located in the region of Tucumán devoted to the cultivation and processing of sugar cane. *Source:* Argentina (1898).

Enduring Co-optive Control in Bella Vista

The town of Bella Vista was established in 1882 in the area surrounding a sugar plantation and processing mill of the same name in the rural department of Famaillá, Tucumán. José and Manuel García Fernández owned both the plantation and mill and had a hand in much of the town's economic activities. From the town's founding, the life and work of its residents revolved around the García Fernández family, be it cultivating sugar cane in the fields under the family's direct control or those let out to renters, refining sugar in the mill, or working in a related industry that supported the local sugar economy.

José and Manuel García Fernández invested heavily in labor co-optation throughout Argentina's authoritarian period. One form of co-optive control they employed was on-site housing, some of which included electricity and running water (Lichtmajer et al. 2016: 220). These housing facilities granted company administrators broad oversight over the activities that took place beyond the mill and the sugar cane fields. Simultaneously, variation in the size and quality of the housing based on workers' status and seniority stratified laborers, complicating collective action against the interests of the García Fernández family (Lichtmajer et al. 2016: 218).

The owners of Bella Vista also provided other resources and social programs that promoted loyalty among workers and legitimized a social hierarchy in which the García Fernández family was positioned at the apex. Town residents were offered medical services and, in the mill, the Worker's Handbook (*Reglamento de Peones*) of 1905 promised a small pension to laborers who were employed for at least fifteen years (Bravo 2000: 45). Ancillary services also extended to workers' families, including a school constructed on the outskirts of the sugar mill in 1895 (Lichtmajer et al. 2016: 220). These benefits reinforced the narrative that the García Fernández family was a benevolent provider within Bella Vista. In return,

workers were expected to demonstrate loyalty and obedience to the family and its economic interests.

There is little question that workers benefited from the co-optive resources and programs in Bella Vista. As the Argentinean Sugar Center (*Centro Azucarero Argentino, CAA*) reflected in 1943, the García Fernández family was among the first to turn its attention to the living standards and well-being of its employees (originally cited in Lichtmajer et al. 2016: 220). However, these benefits were structured so as to allow greater influence over the private lives and activities of employees in order to discourage workers from mobilizing against the interests of the García Fernández family. The result was the co-optation of Bella Vista's workers.

My theory posits that, where such co-optive control is cultivated under authoritarianism, it should persist into the democratic period. In Bella Vista this appears to have occurred. In the years after the adoption of democracy, the mill and plantation remained in the hands of José and Manuel García Fernández. They not only continued to rely on co-optive control over workers, but also invested in new forms of labor co-optation. In 1916, Manuel García Fernández oversaw the construction of a private hospital to serve workers in the mill and two years later established a program to distribute food to workers' children (Gutiérrez and Santos Lepera 2019: 63,77). These services not only deepened workers' connection to the mill, but also divided the town's population between those who worked for the sugar company—and thus had access to these private benefits—and those who did not, complicating efforts among town residents to join together against the mill (Gutiérrez and Santos Lepera 2019: 78).

To control workers' free time and model behaviors that furthered his interests, Manuel García Fernández supported the founding of social clubs such as the Tulio García Fernández Center for Workers and the Employer and Worker Social (Lichtmajer and Gutiérrez 2017: 300; Lichtmajer et al. 2016: 221-222). The Tulio García Fernández Center for Workers, for example, was led by laborers under the direct supervision of García Fernández. One of its key goals was to promote class conciliation and prevent workers from developing ties with socialist or anarchist movements that threatened the material interests of the García Fernández family (Lichtmajer et al. 2016: 221-222). Instead, the center encouraged mutual support and reciprocity among workers, for example by drawing on monthly dues payments to provide financial support to affiliates who fell sick or suffered work-related accidents.

These investments in co-optive control paid dividends for the García Fernández family, limiting conflict with labor and preventing traditional unions from organizing in Bella Vista in the decades after democratization. As Manuel García Fernández reflected in the summer of 1917, "I do not think, my friend, that a strike would prosper in my establishment, nowhere does the worker enjoy greater support . . . there is a hospital, a doctor's office, a midwife, and many other amenities . . ." (interview in the newspaper *El Orden* on July 16, 1917; originally cited in Landaburu 2015: 38). In 1919, amid rumors of a potential strike for higher wages and shorter hours, García Fernández's son marshaled the support of over 100 workers to turn strike organizers away at the doors of the sugar mill, putting an end to any potential unrest in the town (Landaburu 2007: 19). Strikes that spread across Tucumán in 1923 and

1927 had a similarly minimal impact in Bella Vista, failing to disrupt activities in the mill or town. In the 1930s, socialist and communist labor unions struggled to make inroads among mill workers despite successful organizing efforts in other mills in the province (Lichtmajer et al. 2016: 223).

Labor Conflict and Concessions in Los Ralos

Events in the neighboring town of Los Ralos, located in the rural department of Cruz Alta, took a decidedly different path. Founded in 1876, the sugar mill and plantation in Los Ralos were owned by cousins Brígido Terán and Eudoro Avellaneda (Malizia et al. 2014: 93). They quickly grew to dominate the town's local economy.

Unlike in Bella Vista, where co-optation predominated in the authoritarian period, repressive labor control was periodically employed in Los Ralos, at times with the explicit support of the state. In 1902, Cruz Alta was selected to send a representative to Argentina's authoritarian Congress. Elites in the department chose Pedro G. Méndez—himself the owner of a nearby sugar mill, La Florida—to represent them (Malizia et al. 2014: 111).[4] In Méndez, the owners of Los Ralos and other mills throughout the department gained a powerful advocate within the authoritarian state, making it much easier to secure repressive support from both the national and provincial government.[5]

In 1904, Los Ralos—and the department of Cruz Alta more broadly—were the site of the most widespread labor repression in Tucumán at the turn of the twentieth century. Workers in Los Ralos joined laborers from towns throughout the department to protest the exorbitant prices in company stores and the use of company scrip as a form of payment.[6] In response, provincial police were promptly dispatched to violently force laborers back to work. A report that detailed the events leading up to the repression described elites' "intolerable abuses" of workers throughout Cruz Alta and suggested that "exploitation was atrocious" in the department (Bialet Massé 1904: 23-24).

Following democratization, however, it was much more difficult for the owners of Los Ralos to exercise labor repression, as Argentina's democratic governments were unlikely to tolerate or support this strategy of control. In 1916, the UCR won the first presidential elections held after the passage of Argentina's democratizing reforms. One year later, the party was also victorious in Tucumán's gubernatorial elections. Seeking to grow its electoral base and distinguish itself from Argentina's authoritarian past, the party was averse to labor repression.[7] Sugar elites across the provinces were quick to note this shift, going as far as accusing the provincial government of permitting and inciting local strikes against

[4]As discussed in detail in Chapter 3, the 1902 law granted economic elites in a random selection of electoral districts across Argentina the ability to directly select national congressmen.

[5]The town of Bella Vista, which is the focus of the previous discussion regarding elite investments in co-optive control, was located in the department of Famaillá. Famaillá was not selected through the lottery.

[6]Primary accounts of the conflict suggest it was limited to the department of Cruz Alta and did not extend to other areas of Tucumán. See e.g. *La Vanguardia* June 18th and 25th, and July 9th, 1904. See also Bialet Massé (1904: 22-30).

[7]See e.g. Landaburu and Lenis (2019) and Falcón (2000: 121-125).

sugar mill owners (Ullivarri 2018: 134; Landaburu 2007: 1). The owners of Los Ralos echoed this frustration. In 1923, Avellaneda's son co-authored a note in the widely-read national newspaper *La Prensa* decrying the provincial government's sympathies with labor and asserting that in Tucumán, "work has become a crime and crime has turned into a badge of honor and prestige" (June 2, 1923; originally cited in Ullivarri 2018: 135).[8]

The past reliance on repression in Los Ralos also fomented an adversarial relationship with workers that made it difficult for Avellaneda and Terán to alter course and pursue co-optive control. While direct evidence of the relationship between workers and employers in the first half of the twentieth century is scarce, events in Los Ralos point to persistent labor conflict in the years following democratization. In the spring of 1919, when labor unrest emerged across the country, workers in Los Ralos were among the first in Tucumán to demand better working conditions and higher pay (Landaburu 2007: 16). While in Bella Vista García Fernández was able to rely on co-optation to avoid a strike, workers in Los Ralos went on strike in May of that year.

Labor conflict in Los Ralos continued in the 1920s. Laborers in the town developed ties with the Local Workers' Federation of Tucumán (*Federación Obrera Local Tucumana*, FOLT), a provincial labor union with ties to Argentina's anarchist movement (Burgstaller 2022: 130).[9] The FOLT had a direct hand in strikes that broke out in Los Ralos in 1923 (Ullivarri 2018: 136). The strikes were highly conflictual; mill workers and field hands isolated the mill from communication with the surrounding province and destroyed portions of its buildings and machinery (Bravo 2004: 66).

Workers in Los Ralos publicly decried life in the company town and supported government intervention to protect workers. As one laborer stated in the provincial newspaper *La Gaceta*:

> If in the city it is possible to buy meat for 0.40 pesos per kilo and bread for 0.30 pesos per kilo, there is no justification that in the sugar mills one pays 0.60 pesos for meat and 0.6 and 0.7 for bread [...] the vegetables that are sold in sugar mills for the price of gold are of the worst quality imaginable [...] the pharmacy [...] is another place where the most humble and ignorant people are taken advantage

[8]This is not to suggest that Argentina's democratic government *never* exercised repression against workers, but rather that this was much less effective as an elite strategy of labor control. In 1923, for example, the provincial government declined for weeks to intervene on behalf of sugar mill owners. However, after the strikes spilled onto the streets and threatened public order in large portions of the province, the government deployed troops to restore order (Ullivarri 2018: 147-148). While this put an end to the labor conflict, the owners of Los Ralos and other affected sugar mills already bore the strike's high costs, having missed nearly a month of the sugar harvest prior to the government's intervention (Ullivarri 2018: 133). Moreover, the end of the strike came with significant concessions—the government mandated pay raises and the adoption of an eight-hour workday (Ullivarri 2018: 149).

[9]The FOLT was the provincial branch of the Argentine Regional Workers' Federation (Federación Obrera Regional Argentina, FORA), Argentina's first national labor federation (Ullivarri 2016: 258).

> of, and it would be good for the [government] Hygiene Council to take measures to avoid the excessive pricing of specific drugs.[10]

In response to conflict with labor, and distinct from the experience of the Fernández García family in Bella Vista, Terán and Avellaneda were forced to make various concessions to workers. Following the strikes in 1919 and 1923, for example, they agreed to improve working conditions and raise wages (Landaburu 2007: 16; Ullivarri 2018: 149). In 1924, a congressional report on working conditions and wages in the sugar industry reported that the average laborer's wage in that year was 3.81 pesos (Landaburu and Lenis 2019: 14). Notably, this was roughly thirty cents higher than the average wage reported in Bella Vista, where co-optive control continued to limit elite-labor conflict under democracy.

The divergent patterns of elite-labor relations in the rural towns of Los Ralos and Bella Vista illustrate the enduring influence of co-optive control in the democratic period and its role in constraining labor's capacity to challenge economic elites. While in Los Ralos workers effectively mobilized to secure material concessions from elites, in Bella Vista co-optive control made it comparatively more difficult for workers to extract concessions. Data limitations complicate a quantitative assessment of these dynamics more broadly across democratic Argentina—with the exception of the national census of 1914, which took place during the process of democratization,[11] no national population census was taken in the first decades of democracy. However, consistent with observing fewer concessions to labor where co-optation was present in the democratic period, the next section provides evidence that once co-optive arrangements were interrupted, workers who were previously co-opted expressed *greater* demand for redistribution.

5.3 Redistributive Demands in the 1940s

In the early 1940s, the co-optive arrangements that remained in force across parts of Argentina faced a serious challenge. In 1943, Argentina's military deposed the sitting government, in part due to tensions over World War II and disagreement over whether to side with the Allied or Axis forces or remain neutral (Potash 1961: 573). Unlike governments of the past, the interim military government was more inclined to unilaterally intervene in elite-labor relations, and regularly did so on behalf of workers (González Esteves 1980: 322-323; Collier 1999: 337-338). As Palacio (2019: 334) describes with respect to rural workers: "The state, through the law, as well as through the institutions and bureaucratic actors charged with its implementation, interposed itself as a third party in labour relations that had until then been almost exclusively handled out of sight, in the *estancias*." To facilitate its intervention in, and mediation of, elite-labor relations, the state supported the formation

[10] February 9, 1931. Originally cited in Ullivarri (2010: 168). The Hygiene Council fell under the jurisdiction of the provincial government (Fernández 2013: 119).

[11] Democratizing reforms were adopted in 1912; the first democratic presidential election did not occur until 1916.

of local labor unions across the country (Lichtmajer et al. 2016: 225).[12] This disrupted the co-optation that had previously constrained workers' capacity to mobilize against their employers.

In the company town of Bella Vista, for example, the co-optive arrangements that had persisted into the 1920s and 1930s were disrupted in 1944 when the national government successfully supported the formation of a traditional labor union in the town. The union quickly affiliated with a regional labor federation in Tucumán and began to challenge central components of the co-optive control that the García Fernández family had cultivated in Bella Vista (Lichtmajer et al. 2016: 225). In reference to the provision of free meals for workers' families, for example, the union's president declared in 1945: "[the boss] makes so much of giving meals to the children of workers ... we need work and not soup kitchens" (originally cited in Lichtmajer et al. 2016: 228). The union also decried the poor medical service provided to workers, demanding the medic be replaced with someone who was more attentive to patients (Lichtmajer et al. 2016: 228). The union thus challenged the co-optive arrangements that had previously insulated the town from labor conflict and protected the García Fernández family from having to make concessions to workers.

The unraveling of co-optive control coincided with the rise of Juan Domingo Perón, a pro-poor politician who sought to win the 1946 presidential elections that marked Argentina's return to democracy. Perón rose to political prominence as a member of the interim military government that took power in 1943, where he served as the Secretary of Labor from 1943 to 1945 and played a critical role in many of the pro-poor policies that were implemented during that period (González Esteves 1980: 322-323; Collier 1999: 337-338). In the lead up to the 1946 election, he made consistent appeals to both rural and urban workers, decrying economic inequality and promising a more equal Argentina if he became president (see e.g. Levitsky 2003: 37; Fienup et al. 1969: 302-303).

Did workers in places where co-optive control had until recently remained operative express greater support for Perón's pro-poor presidential candidacy? This would be consistent with observing fewer labor concessions in places where co-optation was only recently disrupted in the 1940s—once co-optive arrangements are disrupted, we might expect workers who previously struggled to secure material concessions to express greater support for candidates who favor redistribution and other pro-poor economic policies.[13] To evaluate this claim,

[12]In tandem, the government promulgated a series of laws that created a minimum standard of treatment of workers, including a minimum wage and severance pay (González Esteves 1980: 322-323; Collier 1999: 337-338). In 1944 a body of legal codes to protect tenant farmers and other rural laborers was codifed in the *Estatuto del Peón Rural* (Palacio 2019). Separate legislation froze the price of rented land and unilaterally extended the duration of existing rental contracts (Fienup et al. 1969: 302-303).

[13]While it is operative, we might expect co-optive labor control—which reinforces existing hierarchies, manipulates workers' information environment, and allows for employer monitoring—to curb workers' capacity and/or willingness to support political candidates and policies that threaten elite interests. While consistent with my argument, Argentina is a difficult case in which to systematically assess this claim for two reasons. First, it generally has a deeply fragmented party system in which parties often do not field candidates across the entire country. This complicates efforts to systematically assess this claim. Second, and perhaps more importantly, politics in Argentina often did not cleave along a left-right economic dimension, at least in

I begin by providing evidence of the relationship between elite investments in one particular form of co-optive control—participation in national conferences on labor co-optation organized by the Patriotic League—and vote share for Perón in 1946.[14] The Patriotic League, discussed in detail in Chapter 3, hosted conferences beginning in 1920 to promote labor co-optation. I measure elites' investments in co-optive control using information about the local organizations that attended annual conferences held in 1920 and 1922, the years for which attendance lists remain available.[15] I collected department-level electoral returns for the presidential election in 1946 from the *Archivo General de la Nación* (AGN).[16]

The results of the OLS regression in Table 5.2 provide suggestive evidence of a strong, positive, and significant association between this measure of elite investments in co-optive control and vote share for Perón.[17] Support for Perón was roughly nine percentage points higher in places where at least one affiliated chapter of the Patriotic League attended a conference on labor co-optation, as compared to places where no chapter was in attendance (model 1). The results are in the same direction, though slightly smaller in magnitude, when investments in co-optation are measured as the the total number of chapters that attended a conference (model 2). While observing this positive association is promising, it is only suggestive of a causal relationship—a host of potential confounders complicate the interpretation of these estimates as causal effects.

To further evaluate variation in support for Perón and to reduce concerns about confounding, I return to the empirical strategy employed in Chapter 3 that examines the impact of exclusion from the authoritarian government led by Julio Roca. As a reminder, this strategy leverages a lottery in 1902 that randomly assigned elites in some places to select a congressmen to advocate their interests in Roca's government, while excluding others. As demonstrated in Chapter 3, exclusion led to greater investments in co-optive labor control. The analysis presented here employs the same design to identify the effect of exclusion—which in turn led to investments in co-optation—on Perón's vote share in the 1946 presidential election.[18]

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the first half of the twentieth century; many political parties during this period espoused vague, and often relatively similar, positions on economic issues, and it was not uncommon for other policy dimensions, local dynamics, or personalistic attachments to shape loyalties to particular parties.

[14]We would likely also expect these dynamics to manifest in the company towns of Los Ralos and Bella Vista. Unfortunately, because electoral returns were only reported at the level of the department in Tucumán, and Los Ralos and Bella Vista represent a smaller unit of analysis, it is not possible to assess whether this is in fact the case.

[15]For more detail, see Chapter 3.

[16]Vote share for Perón includes votes cast for the Labor Party (*Partido Laborista*), the UCR-JR, as well as the UCR-Yrigoyenista. Congressional elections were also held in 1946. Unfortunately, the documents housed in the AGN are incomplete; roughly half of the congressional returns are missing. They are thus not included in the present analysis.

[17]The City of Buenos Aires is excluded from the analysis because it not possible to link the co-optive labor organizations in the city to the department-level electoral returns. The province of San Juan is also excluded because its department borders were completely redrawn prior to the 1946 presidential elections.

[18]Similar to the analysis carried out in Chapter 3, the study group does not include the provinces of Jujuy, La Rioja, and San Luis, as well as a small number of cities in Argentina's interior. It also excludes the

Table 5.2: OLS Regression of Support for Redistributive Candidates on Co-optive Control

	Electoral Support for Perón, 1946	
	(1)	(2)
Co-optive Conference Attendance (Binary)	0.09***	
	(0.02)	
Co-optive Conference Attendance (Total)		0.03***
		(0.01)
Sample	Rural Provinces	Rural Provinces
Num. obs.	277	277

$^{*}p < 0.1$; $^{**}p < 0.05$; $^{***}p < 0.01$. All specifications employ ordinary least squares (OLS) regression and include province fixed effects. In all models, the unit of observation is the department. The dependent variable is the share of support that Perón received in the 1946 presidential election. *Sources:* data on attendance of co-optive conferences is from Biblioteca de la Liga Patriótica Argentina (1920, 1922); electoral data is from the AGN.

The evidence in Table 5.3 suggests that exclusion from the authoritarian government increased support for the pro-poor politician Juan Perón following the disruption of co-optive control in the early 1940s. Specifically, exclusion increased Perón's vote share by roughly 4%, on average, in the 1946 presidential election (model 1). The effect remains, and increases in magnitude, when analysis is limited to Argentina's provinces, i.e. excluding the City of Buenos Aires (model 2).

Together, these findings suggest that, where co-optive control has recently been disrupted, there is greater demand for redistribution and other pro-poor policies. They thus support the assertion that co-optation limits elite-labor conflict under democracy, leading to fewer concessions to workers.

5.4 Conclusion

This chapter has demonstrated the persistence of co-optive labor control well into Argentina's democratic period and illustrated its enduring impact on elite-labor dynamics. In Bella Vista, for example, the García Fernández family successfully limited labor conflict

province of San Juan due to redistricting. For further discussion of the study group, see Chapter 3.

Table 5.3: The Effect of Exclusion from the Authoritarian Ruling Coalition on Support for Redistributive Candidates

	Electoral Support for Perón, 1946	
	(1)	(2)
Excluded	0.04*	0.05**
	(0.02)	(0.02)
Sample	All Obs.	Rural Provinces
Num. Clusters	102	82
Num. obs.	287	267

*$p < 0.1$; **$p < 0.05$; ***$p < 0.01$. A weighted difference-in-means estimator is calculated to account for the unequal probability of treatment across provinces. In all models, the unit of observation is the department. Standard errors are clustered at the level of the electoral district. *Sources:* AGN.

and was forced to grant few concessions to workers throughout the 1920s and 1930s. This pattern can be contrasted with events in the company town of Los Ralos, where elites employed repression under authoritarianism and generally struggled to avoid labor conflict in the democratic period. Following democratization in 1912, workers in Los Ralos organized numerous strikes that halted sugar production and developed ties with an anarchist labor union, thereby securing higher wages and other improvements in their working conditions.

Evidence suggests the divergent paths taken in Bella Vista and Los Ralos are indicative of a more general trend across places where elites invested in either co-optive or repressive labor control under authoritarianism. Consistent with elites granting workers fewer concessions where co-optation endured into the democratic period, these same places were more supportive of the pro-poor presidential candidate Juan Domingo Perón following the disruption of co-optation in the early 1940s.

Together, these findings shed light on one strategy through which economic elites have effectively exercised labor control under democracy. Avoiding the overt use of violence and instead relying on the co-optation of workers, elites were able to protect and further their material interests. In doing so, they dampened the degree to which democratization represented a meaningful break with the authoritarian past in many parts of Argentina.

Chapter 6

Conclusion

6.1 Introduction

Scholarship on democratization often emphasizes the role of "pressures from below" in driving regime change. Yet, economic elites can critically shape the prospects of democratization. As this dissertation has demonstrated, for example, elites in Argentina provided pivotal support to the pro-democracy politician Roque Sáenz Peña, ultimately facilitating the adoption of democratizing reforms. However, support for democratization was by no means universal; while some elites in this case joined Sáenz Peña's pro-reform coalition, others remained staunchly opposed to any changes to the status quo.

I have argued that the particular strategies of labor control elites pursue under authoritarianism play a crucial role in determining whether they ultimately support or oppose democratization. To provide evidence in support of my argument, I use a natural experiment in which some elites experienced an exogenous reduction in the cost of repressive control due to their inclusion in Argentina's authoritarian ruling coalition. For other elites, who were excluded from the coalition, the cost of repression remained exceedingly high. As I show in Chapter 3, these excluded elites were more likely to invest in a strategy of co-optive labor control.

Chapter 4 then turns to the role of co-optive control in shaping elite preferences over democratization. I show that a reliance on co-optive control in Argentina increased elite support for a democratic transition. Leveraging the same natural experiment employed in the previous chapter, I provide evidence that elites who invested in co-optation—due to their exclusion from the authoritarian ruling coalition—were more likely to join committees supporting the pro-democracy candidacy of Roque Sáenz Peña. Consistent with my argument, I also document the difficulties of employing repression in the years immediately following the adoption of democratizing reforms and demonstrate that elites who pursued co-optation were able to retain their control over labor in the aftermath of Argentina's transition.

In Chapter 5, I demonstrate the persistence of co-optive labor control into Argentina's democratic period in areas where it was previously developed under authoritarianism and sketch out its implications for workers under democracy. Where elites relied on co-optation,

they were able to maintain control over labor and prevent workers from either leaving in search of better employment or striking for improved working conditions. In contrast, where elites relied on repression, they faced labor conflict and were forced to make costly concessions that benefited workers.

In what follows, I briefly consider the applicability of the argument to other cases of democratization in Latin America, before turning to the scope conditions of the argument more generally. Finally, the dissertation concludes with a discussion of the ambivalent implications of co-optive control broadly—while it increases elite support for a democratic transition, it also constrains labor's ability to extract improved working conditions and other material concessions from elites in the democratic period. In this sense, while co-optive control can improve the prospects of democratization, it may also limit the degree to which democracy implies a meaningful change in workers' material well-being.

6.2 Potential Extensions to Other Latin American Cases

Beyond Argentina, evidence suggests that economic elites have at times supported democratization in cases across Latin America. In Colombia, for example, in the midst of increased mobilization from the popular sectors, some economic elites supported the pro-reform presidency of Alfonso López Pumarejo, who oversaw the extension of the franchise to all male Colombian adults in 1936 (Abel and Palacios 1991: 604-605). Other elites, in contrast, opposed López Pumarejo and his pro-reform agenda.

In other Latin American cases, influential elites embraced democratization with little to no revolutionary threat or related pressure from below. In Costa Rica, for example, democratizing reforms were adopted in 1927, roughly two decades before the threat of civil war erupted in 1946 (Lehoucq 2000: 472).[1] Some Chilean economic elites also supported democratizing reforms, specifically the adoption of the secret ballot, in 1890 (Valenzuela 2001: 256). Similar to the Costa Rican case, these events occurred absent meaningful mobilization from below demanding political reform.

The argument developed in this dissertation suggests that investments in co-optive labor control under authoritarianism may have critically shaped elite support for democratization. The secondary literature from these Latin American cases appears to support this claim. In Chile, elite support for democratizing reforms emerged in the Central Valley, where the co-optive system of land tenure known as *inquilinaje* was most prevalent (Valenzuela 2001: 259-261).[2] Similarly, scholars of Costa Rica note that economic elites "did not deploy coercive military or paramilitary forces to control and deliver rural labor..." (Yashar 1997: 60; see also Lehoucq 1996: 332). Instead, scholars have highlighted efforts to co-opt workers through, for example, the provision of housing for their families and schools for their

[1]The package of reforms included the Australian ballot, which mandated the provision of uniform, government-provided ballots and thereby removed political parties' ability to monitor citizens' voting behavior.

[2]The system of *inquilinaje* involved the provision of plots of land to workers on large estates in exchange for their labor and other services. For a description, see Bauer (1995).

children (Méndez and Van Patten 2022). More systematic research is needed to shed light on whether co-optive labor control in fact drove elites to support democratization in these cases.

6.3 Scope Conditions of the Theory

To what extent can the theoretical framework presented in this study shed light on the causes of democratization in other parts of the world more broadly? The ability of my theory to travel to other contexts is likely to rest on two important scope conditions. First, workers must be important to elites' economic interests. Second, democratic states must be strong enough to realistically curb the use of labor repression following a regime transition.

The first scope condition, pertaining to elites' reliance on workers, is critical because it determines whether exercising labor control is a concern when elites weigh democratization. Economic elites have often depended heavily on workers for the production of the material goods that drive their profits, particularly in historical settings. Yet, elite profits are not always directly tied to labor. In banking and other financial sectors, as well as telecommunications, for example, elites rely relatively less on workers. For elites in sectors such as these, the exercise of labor control under democracy is less of a concern and distinct strategies of labor control will have little bearing on their preferences over democratization.

The second scope condition—that democratic states are strong enough to prohibit the use of repression—is critical in shaping elites' expectations about the ability to transfer different forms of labor control to democratic settings. While authoritarian regimes regularly tolerate, and at times actively participate in, labor repression, my argument suggests that democratic states are much less likely to permit the use of force against workers. Yet, where these states are weak and struggle to project power across their territory, they may generally be unable to prohibit the repression of workers, particularly beyond the immediate vicinity of a country's capital. Such weak states have existed throughout history and remain a persistent feature of many countries in the Global South (Centeno et al. 2017; Soifer 2015; Kurtz 2013; Herbst 2000). In these settings, where democratic states cannot expressly prevent repression across their territory, democratization may not fundamentally alter the strategies of labor control available to elites.

6.4 Reconciling the Adoption of Democracy with the Endurance of Co-optive Control

The findings presented in this dissertation suggest co-optive labor control increases the likelihood of democratization. Because investments in co-optation can be transferred to democratic settings, they reduce the risk that elites will lose control over labor following a regime transition and provide them with a comparative advantage over elites who employed repression and are thus likely to lose control over their workforce under democracy. Co-optive control can thus increase support for democratization among these key authoritarian stakeholders. To the extent the adoption of democracy is considered a "good" outcome, we might view elite investments in co-optation as similarly desirable.

Yet, precisely because co-optive control can be transferred to democratic contexts, it may also limit the degree to which workers can wrest material concessions from economic elites under democracy. In democratic settings, co-optation may continue to shape workers' information environment, discouraging them from demanding greater material concessions from their employers. Because co-optation facilitates the monitoring of workers' actions, co-opted workers in democratic contexts may also struggle to organize collectively in favor of their material interests and to secure improved working conditions. In the case of Argentina, these dynamics persisted for decades, constraining workers' ability to challenge elite interests despite the advent of democratization in the early twentieth century. In this respect, while co-optive control may facilitate the adoption of democracy, it can also curb the degree to which democratic institutions enable laborers to improve their living and working conditions.

That co-optive control is good for democratization, but can constrain workers demands under democracy, underscores that all democratic regimes are not created equal. While co-optation may improve the prospects of democratization, it can also lessen the degree to which democracy empowers workers vis-à-vis elites. This dissertation thus contributes to a growing body of research that underscores how elites can insulate themselves from threats to their material interests in democratic regimes.

However, events in Argentina suggest there is room for optimism on this domain. While co-optive arrangements persisted in this case until the mid-1940s, they were eventually disrupted. In comparison, the democratic institutions that were adopted in 1912—with the key support of elites who invested in labor co-optation—remain a cornerstone of Argentina's democracy today. This suggests that democratic institutions can outlast the co-optive arrangements that facilitate their adoption, providing a path, albeit winding, for workers to improve their material well-being.

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Appendix 1. Figures and Tables

Table A1 describes the socioeconomic and demographic characteristics of Famaillá and Cruz Alta, two departments in the sugar-producing region of Tucumán. The company town Bella Vista is located in Famaillá, while the town of Los Ralos is located in Cruz Alta. Information was collected from the national census that was carried out in 1895 (Argentina 1898).

Table A1: Background Characteristics: Departments of Famaillá and Cruz Alta

	Famaillá	**Cruz Alta**
Share foreign	0.03	0.06
Share literate	0.21	0.20
Share brick/stone homes	0.16	0.25
Share properties cultivated by owner	0.75	0.75
Population density	21.9	29.5
Population	26991	28821
Size (km^2)	1229	975

Source: Argentina (1898).