

Toppan Best-set Premedia Limited	
Journal Code: AJES	Proofreader: Emily
Article No: AJES864	Delivery date: 25 Sep 2012
Page Extent: 32	

Privileged Accumulation Spaces and Restrictions on Development State-business Relations in Argentina (1966–1989)

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ABSTRACT. The aim of this work is to explain how the state-business relation has influenced economic development in Argentina. I will make a historical and systemic analysis of the Argentinian case to illustrate how and why state-business relations supporting *privileged accumulation spaces* (PAS) increased development restrictions from 1966 to 1989.

Along this period, successive governments shared a common view about the central role the state had to perform for industrialization, especially by supporting the growth of big domestic industrial companies. This view would only radically change in 1989, when neoliberal structural reforms were implemented.

To support this hypothesis, I suggest a methodological strategy that combines several techniques and sources in order to analyze the evolution of three complex variables and their multiple relations: *state economic intervention*, *business behavior* and *performance by large corporations*.

Introduction

Economic development has been one of the most controversial issues in social sciences during the second half of the 20th century. The concern about identifying the reasons for underdevelopment in certain countries and the need to find concrete developmental actions gave rise to an interdisciplinary debate on state economic intervention.¹

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American Journal of Economics and Sociology, Vol. ••, No. •• (••, 2012).
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1 Some scholars agree on the relevance of state intervention in
2 development processes in late industrialized countries.² The impor-
3 tance resides in the fact that the state plays an important role in the
4 process of capital accumulation on the part of private corporations.
5 On one hand, the state establishes “the rules of the game” and sets the
6 regulatory framework to control the markets on which they operate.
7 Thus, for example, the state can secure monopoly positions, protect
8 certain markets against foreign competition and facilitate the construc-
9 tion of contracts. On the other hand, the state contributes to the
10 orientation of the accumulation model (either by execution or omis-
11 sion) by designing and adopting several economic policies that
12 promote the fulfillment of the aims/interests of different sectors. Some
13 of these policies (for example, export subsidies, promotion of industry
14 sectors, statization of external debt and debt capitalization programs)
15 frequently imply almost direct transferences to private corporations.
16 Others create the necessary conditions for corporate accumulation
17 (that is fixed exchange rate, interest rate and monetary base as well as
18 the establishment of tax, tariff and commercial or financial policies).
19 Furthermore, the economic activities done by the state through its
20 agencies, property and/or service corporations produce transferences
21 of public resources to the private sector since state-owned corpora-
22 tions tend to operate through differential tariff and prices that benefit
23 their suppliers and/or consumers.

24 In Latin America three kinds of widely accepted explanations can
25 be identified:³ 1) the structural explanation which understands that
26 underdevelopment is a structural phenomenon rooted in the historical
27 dynamics of capitalism and thus the state is the main actor that can
28 promote the economic “take-off”;⁴ 2) the neoclassical/neoliberal
29 explanation which considers that excessive state intervention causes
30 severe distortions in the economic system hindering development
31 because it obstructs the elementary market mechanisms;⁵ and 3)
32 finally, the neoinstitutionalist explanation which considers that the
33 quality of state intervention and institutional framework can explain
34 the causes of underdevelopment and its persistence.⁶

35 Despite their differences, each model explains Latin-American
36 underdevelopment by focusing on the quality and/or the quantity of
37 economic state intervention. However, by considering this variable in

1 isolation, they have failed to address the importance of the state-
2 business relation as a causal force explaining underdevelopment. As
3 it has been noted by numerous scholars the way this relation is
4 particularly shaped in certain places at certain historic moments allows
5 for a better understanding of the restrictions and/or possibilities for
6 a society to develop.⁷ Moreover, state intervention in itself can be
7 understood as the result of a complex interaction between public and
8 private actors. Thus, it is not enough to analyze the content of policies
9 and the characteristics of bureaucratic agents to understand it. I
10 suggest that an analysis of *business behavior* (especially that oriented
11 towards an interaction with the state) should be made.

12 The aim of this article is to explain how the state-business relation
13 has influenced the development processes in Argentina.⁸ I will make
14 a historical and systemic analysis of the Argentinian case to illustrate
15 how and why that the state-business relation supporting *privileged*
16 *accumulation spaces* (PAS) increased development restrictions from
17 1966 to 1989.⁹ To support this hypothesis, I suggest a methodological
18 strategy that combines several techniques and sources in order to
19 analyze the evolution of three complex variables and their multiple
20 relations (see table in the Appendix): state economic intervention,
21 business behavior and performance by large corporations.¹⁰

22 The article will be divided into two parts. In the first part, I
23 introduce several contributions to construct the category *privileged*
24 *accumulation space* together with its consequences to understand
25 failed development processes. In the second part, I test this concep-
26 tual framework on the Argentinian case. I will show that, in this case,
27 state-business relation is structural,¹¹ with almost the same character-
28 istics despite the deep changes in the accumulation model in the
29 mid-seventies. Finally, I present the main conclusions and lessons
30 about the case showing the relevance of the state-business relation to
31 explain development restrictions.

32 **Importance of the State-Business Relation in Development Processes**

33 An extensive literature shows that the state-business relation is
34 important to explain development processes in late-industrialized
35 countries.¹² Several scholars agree on pointing out that development
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1 is favored by the following factors: high-quality state economic
2 interventions—that is to say, interventions that are consistent, stable,
3 relatively autonomous, efficiently designed and effectively imple-
4 mented; a business class that is “disciplined”, committed to national
5 development, willing to maintain their profits inwards and to innovate
6 in order to reduce technological dependence, and bound to make
7 productive investments for a long-term competition on international
8 markets—at least, in some strategic niches previously selected; reci-
9 procity levels between economy sectors and embedded state-business
10 relations to guarantee successful strategic interventions as regards
11 both their design and implementation.¹³

12 Empirical evidence gathered in several case studies demonstrates
13 that a state-business relation facilitating a sustainable development
14 project requires: steadily oriented public policies to promote some
15 strategic economy sectors, clear capital regulations, institutional long-
16 lasting communication channels between the government and capi-
17 talists to define public intervention.¹⁴ This virtuous combination allows
18 developmental *strategic accumulation spaces* (SAS) to be created and
19 spread on the basis of selective, temporary, agreed and institutio-
20 nalized privileges which, in the long-term, would make possible to
21 increase physical capital resources, technological innovations in pro-
22 ducts or processes, capital production and international competitive-
23 ness. This situation was observed in some countries in South-Eastern
24 Asia in the sixties. In the Latin-American region, Brazil is, to some
25 extent, an example of this fruitful type of state-business relation.

26 However, it is also possible that in some cases the state transfers
27 large public resources to the private sector without creating SAS.
28 Instead, several PAS are promoted (Castellani 2006, 2009).¹⁵ They
29 benefit a small number of corporations that can expand quickly
30 without increasing their efficiency and productivity, strengthen the
31 business class that receive privileges increasing their influence on
32 how to orient state intervention and debilitate state performance by
33 depriving the state of its administrative and financial capacities. In
34 short, PAS do not contribute to sustained development processes.¹⁶

35 But what characteristics do these spaces have? How are they
36 created and supported? How do they operate? A PAS can be defined
37 as a permanent source of privilege quasi-rents¹⁷ for the private

1 corporations operating in it. That is to say, they are spaces where
2 corporations earn extra profits derived from privileges given by the
3 state without the need to take compensating actions to raise develop-
4 ment possibilities, either because they are not established beforehand
5 or because the state fails to control their compliance. In other words, the
6 private sector benefits from varied and permanent transferences of
7 public resources without the commitment to increase their productivity
8 and fixed capital or to innovate their technologies, and so on.¹⁸

9 Therefore, the existence and spread of PAS depends on a network of
10 actors and behaviors that creates and supports several mechanisms to
11 obtain non-temporary privileged quasi-rents for private corporations
12 without being compensated. Thus, the concept of PAS implies empirical
13 dimensions related to the behavior of social actors and their interac-
14 tions. PAS can be supported only through a wide variety of relations that
15 combine bureaucratic, political and capitalist interests. These relations
16 can be of different type, but all of them have the same end: to support,
17 vary and/or expand privileged accumulation conditions.¹⁹

18 In analytical terms, I distinguish five types of relations²⁰ between the
19 public and private sectors that create and support PAS according to
20 their different degree of institutionalization, legality and visibility. But,
21 in practice, they tend to develop simultaneously by means of:²¹

- 22 (1) institutionalized practices adopted by the business class through
23 formal mechanisms and traditional corporate actors;
- 24 (2) direct influence practices (lobby) adopted in a more informal
25 way by the business, managers and/or business associations;
- 26 (3) colonizing practices adopted by the business class or their
27 representatives in public administration sectors through which
28 influential positions are occupied by state officials who are
29 committed to protecting the benefits gained by the business;
- 30 (4) collusive practices (similar to those followed in any oligopolic
31 market)²² through which tacit and informal agreements are
32 made among state officials and capitalists to create privileged
33 accumulation mechanisms; and
- 34 (5) corrupt practices which consist of paying bribes to public
35 administration members forcing them to favor the interests from
36 the private sector.
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1 These relations perpetuate privileged quasi-rents as an important
2 source of accumulation for the largest corporations in a country, even
3 when there are changes in the economic policy or in accumula-
4 tion patterns. Thus, innovation processes are hindered and the quality
5 of intervention is reduced due to the lack of state autonomy and
6 capacities.

7 In fact, the state in its debilitated and disorganized conditions tends
8 to increase the economic power of the privileged business fraction
9 and, in turn, feeds the vicious circle of underdevelopment, instead of
10 making strategic interventions to overcome the most difficult eco-
11 nomic problems. The empowered business class reduces state capaci-
12 ties in order to support spaces promoting privileged quasi-rents. PAS
13 reduce development possibilities by hindering innovative behaviors
14 that are considered expensive and unnecessary by capitalists since
15 it is easier and more profitable for them to receive state privileges
16 without fulfilling performance targets.

17 Furthermore, the spread of PAS produces deep changes in the
18 profile of important economic actors, facilitating the expansion and
19 consolidation of privileged corporations. The increased power of the
20 business class is translated into their stronger influence over the state
21 to support the existing PAS, to create new ones and even to orient
22 economic policies towards operation patterns that are economically
23 more centralized and concentrated but more socially excluding.²³
24 During this process, state capacities are much more reduced leading
25 to interventions that are not autonomous from the concentrated
26 capital.

28 **Spread of Privileged Accumulation Spaces in the Recent History** 29 **of Argentina**

31 In Argentina for several decades the state has transferred large
32 public resources to a selected group of large corporations through
33 several mechanisms. However, the result of these policies adopted
34 to promote certain capital fractions, considered to be strategic for
35 development, have been far unbeneficial. The economic Argenti-
36 nian experience during the second half of the 20th century shows
37 three particular characteristics: a) the constant difficulty to design a

1 sustainable development pattern in order to increase production
2 capacity, to promote technological innovations and to raise the quality
3 of life;²⁴ b) the progressive deterioration of state capacities and
4 autonomy levels to design, implement and monitor public policies;²⁵
5 and c) the consolidation of a selected group of corporations that have
6 gone through an accelerated expansion process due to their prefer-
7 ential relations with the state.²⁶

8 Taking into account the framework presented in the previous
9 section, it can be assumed that in this case the type state-business
10 relation led to the creation and expansion of several PAS; that is to say,
11 spaces where private corporations obtained benefits from institution-
12 alized or non-institutionalized privileges derived from state behavior.
13 This particular interaction between public policies and private prac-
14 tices helps us to understand the persistent development restrictions in
15 those years since it led to: a) the accumulation process of several large
16 corporations supported by *privileged quasi-rents* hindering innovation
17 processes and capitalist risk behaviors; b) considerably reduced state
18 capacities and autonomy levels that did not allow for an adequate
19 state intervention in the economic activity; and c) increased power of
20 certain corporations associated with the state economic management
21 bureaucracies.

22 I present the findings according to both a historical and a system-
23 atic criterion. According to the first one, I re-construct the system of
24 relations among the three variables in each stage to identify significant
25 characteristics in the nature of their interaction. According to the
26 second one, I describe the path followed by each variable through
27 time to offer a better understanding of their characteristics.

28 **Spread of PAS: A Historical Perspective**

29 *Spread of PAS in Late Import Substitution Stage (1966–1975)*

30
31 During the late period of import substitution (1966–1975), different
32 administrations saw the state as a key actor for pursuing structural
33 economic change. According to this shared view, the state had a major
34 role to fulfill in fostering capital accumulation by means of a variety of
35 selective interventions, especially in the industrial sector. The ultimate
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1 goal was to increase incomes and to solve the recurring crises in the
2 external sector.

3 From 1966 to 1974, macroeconomic indicators improved across the
4 board: GDP, employment rates and industrial exports all showed
5 a consistent upward trend. Industrial GDP grew eight percent on
6 average during the period, and this was accompanied by more pro-
7 gressive income distribution. Thus, in spite of its limitations, the late
8 ISI policies were successful in improving macroeconomic and social
9 indicators. Yet, this specific accumulation pattern was abruptly inter-
10 rupted by the “stabilizing” shock of June 1975, a turning point that
11 inaugurated the high inflation regime that would endure for more than
12 15 years.

13 These positive economic outcomes were brought about by means
14 of a significant expansion of the state’s functions in the economy. The
15 state took an increasingly active role in regulating economic activities,
16 controlling the main income distribution mechanisms and expanding
17 its own productive activities. In effect, state enterprises (“the busi-
18 ness state”) became economically more important since 1970. In 1975,
19 they represented eight percent of GDP and 25 percent of fixed gross
20 domestic investment. That same year there were more than 300
21 state-own companies, 50 of which were located among the 200 largest
22 companies according to their sales volume. Moreover, these compa-
23 nies explained between 40 percent and 70 percent of the added value
24 in some strategic economic sectors. It can be thus inferred that capital
25 accumulation and strong economic performance in the late ISI were
26 due to the new dynamics of state economic intervention. Especially
27 if one considers that private investment in fixed assets remained flat
28 during the period, and capital flight by private economic actors
29 increased every year.

30 In effect, the “private partner” so long-awaited by the state never
31 appeared. From 1970 on, foreign companies reduced their invest-
32 ments. During Juan Perón’s third term (1973–1976) there were no
33 new private investment projects. The attempts to encourage domestic
34 capital were also unfruitful, since most investments in fixed assets by
35 domestic companies during this period were heavily subsidized.²⁷

36 If the state was considered the sole responsible for development, it
37 would have been logical that the state improved its management

1 capacities. Paradoxically, the quality of state intervention at the end of
2 the import substitution stage was gradually reduced due to three
3 complementary factors:²⁸

- 4 (1) reduced relative autonomy derived from progressive *coloniza-*
5 *tion* in key state management bureaucracy sectors by the busi-
6 ness and/or their representatives especially during 1967–1970,
7 which considerably influenced the implementation and control
8 of public policies;²⁹
- 9 (2) reduced administrative capacities derived from the lack of a
10 bureaucratic career and inconsistency when applying different
11 programs designed to promote economic growth because the
12 functions and tasks in state agencies were overlapping;³⁰ and
- 13 (3) reduced financial capacities that hindered the implementation
14 of development projects, especially since 1970.³¹

15 The detrimental co-existence of institutional instability, expanded
16 state economic intervention and lack of capacities of the state gave
17 rise to the proper conditions for PAS spread. During Adalbert
18 Krieger Vasena's term in the Ministry of Economy (1967–1969), a
19 collusive state-business relation was established and gave rise to
20 the so-called "*Patria Contratista*". This collusive practice adopted
21 in a context of colonization and reduced relative state autonomy
22 was translated into privileges granted to the domestic concen-
23 trated capital, such as the discretionary management of regulatory
24 frameworks that guaranteed market quotas and the payment of
25 overprices.

26 The state assigned considerable resources to public and private
27 capital accumulation during the last period of the import substitution
28 stage. Apart from refurbishing its own corporations, improving and
29 expanding the transport system and promoting mixed projects, the
30 state applied several mechanisms of direct or indirect transference to
31 large corporations. The most important mechanisms were: direct
32 subsidies, tax exemptions and deferrals, preferential local funding,
33 large projects on public works and differential prices in trade trans-
34 action made by the state.³² In a context of high protection and
35 negative real interest rates, such mechanisms contributed to capital
36 accumulation, even though the achieved amount was not enough to
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Table 1
Profile Evolution of Leading Corporations According to Their
Relation to the State: Selected Years

Corporations	1966	1969	1972	1975
Related to the state*				
Number	8	12	11	17
% Sales	6.4	8.8	10.3	18.7
% Profits	9.4	11.4	14.1	626.9
Profits/sales	7.0	7.6	5.6	4.7
Not related to the state				
Number	88	88	89	83
% Sales	93.6	91.2	89.7	81.3
% Profits	90.6	88.6	85.9	(526.9)
Profits/sales	4.6	5.7	3.9	(0.9)
Profits/sales (leading corporations)	4.9	5.9	4.1	0.1
Total (leading corporations)	96	100	100	100

*The state-related corporations considered here are those that fulfill, at least, one of the following requirements: a) they participate in a mixed or strongly state-promoted project; b) they benefit from a local industrial promotion regime to participate in large projects related to strategic sectors (steel, petrochemical, cement or cellulose paste industry); c) they are suppliers or contractors for state agencies and/or corporations; d) they acquire production supplies from state-owned corporations.

Source: Author's elaboration based on corporate rankings published in *Panorama de la Economía Argentina* and *Prensa Económica* journals, year 1967, 1970, 1973, and 1976.

overcome the model's structural restrictions, which caused recurrent crises in the external sector.

At the same time, these interventions favored the development of a number of companies closely related to the state, either as suppliers, contractors or clients. Between 1966 and 1975, these companies doubled their number among the 100 largest companies in terms of sales (from eight to 17). They also tripled their share in the total sales generated by these leading companies (from 6.4 percent in 1966 to 18.7 percent in 1975). Finally, whereas most companies suffered heavy operational losses in 1975, all state-related companies remained profitable that year (see Table 1).

1 In sum, data shows that state intervention during the late ISI
2 favored the emergence of a new fraction of state-related companies
3 that rapidly rose into the ranking of the largest domestic companies.
4 Most of these privileged companies were domestic (11 out of 17) and
5 belonged to the main corporate groups operating in Argentina by
6 1975. As it was said, they were closely related to state economic
7 activities, either as suppliers, contractors or clients. In addition, from
8 1966 to 1975 they were favored by different promotional benefits
9 associated to their privileged sectoral insertion.³³

10 Briefly, the transformations made by the leading corporations on
11 the orientation and quality of state intervention allow to assess that the
12 proper conditions for PAS spread were promoted during the last
13 period of the import substitution stage. This process was supported by
14 articulating practices between the public and private sector to main-
15 tain spaces that produced *privileged quasi-rents*.³⁴

16 *Spread of PAS in Last Dictatorship (1976–1983)*

17 During the last dictatorship (1976–1983), Argentinian state economic
18 intervention was radically adjusted and the conditions to support the
19 import substitution stage were eliminated. They were replaced by a
20 new accumulation model oriented towards promoting mechanisms
21 for “financial valorization of capital”.³⁵ The transference of public
22 resources increased because the state officials combined its own
23 orthodox elements³⁶ with interventional policies,³⁷ involving different
24 interests from: some military factions that supported state intervention
25 to promote certain industry sectors that were considered to be strate-
26 gic for development, new business factions on the spectrum of the
27 leading corporations related to the state, and a group of orthodox
28 economists in the Ministry of Economy. This combination of interests
29 led to an inconsistent and contradictory state economic intervention.³⁸

30 The significant deterioration in the quality of state intervention due
31 to corporate colonization and increasing bureaucratic corporate incon-
32 sistency together with the new orientation given to political economy
33 by the Economy Ministry headed by Alfredo Martínez de Hoz (1976–
34 1981) allowed other benefits related to operations in both the external
35 and financial sectors to be added to the privileged mechanisms
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1 derived from the functions of the business state and from state
2 industrial promotion.

3 The new macroeconomic context characterized by trade liber-
4 alization, financial reform and wide availability of external funds
5 together with the absence of social actors restricting capitalistic
6 actions gave rise to the favorable conditions for a harmful cycle
7 of surplus accumulation to develop. The largest fractions of domes-
8 tic capital were favored by this cycle that started in some market
9 niches through state intervention and ended in the financial inter-
10 national sector where large corporations stored their surplus as
11 liquid assets.³⁹ Thus, the accumulation pattern became very regres-
12 sive and the state crisis worsened as much as the exponential
13 growth of the corporations benefited from the transference of public
14 resources.

15 The state promoted important investment projects oriented towards
16 selected sectors and corporations, even when both liberalism and “the
17 principle of state subsidiarity” were in effect.⁴⁰ Despite the “efficientist”
18 discourse on the part of the Ministry of Economy and most of its
19 orthodox measures, a corporative network between the public and
20 private sector was consolidated and favored the most concentrated
21 capital fractions.

22 PAS spread widely due to the weakened institutional framework on
23 which the main socio-economic actors carry out their activities, the
24 control kept by the business class over the main economic decisions
25 and operational changes in the economic model. We should take into
26 account that there were several political confrontations among the
27 different factions in the government alliance over the role of the state
28 in economic activities, which also reduced the quality of public
29 management. In short, structural and institutional changes, multi-
30 sector transfereces and expanded state economic activities led to the
31 growth of large corporations closely related to the state in the previous
32 stage.

33 The deep changes in the profile and performance of the first 100
34 private corporations during the last dictatorship show that the state
35 had a positive influence on them. Although all the studied corpora-
36 tions could usufruct the mechanisms for financial valorization of
37 capital created by the new dynamics of the accumulation model,

Table 2
Profile Evolution of Leading Corporations According to Their
Relation to the State, Years 1976, 1979, and 1983

Corporations	1976	1979	1983
Related to the state*			
% Corporations	18	22	30
% Sales	19.9	19.4	27.6
% Profits	21.5	28.6	65.9
Profits/sales	9.6	7.5	20.5
Not related to the state			
Number	82	78	70
% Sales	80.1	80.6	72.4
% Profits	78.5	71.4	34.1
Profits/sales	8.8	4.5	4.0
Profits/sales (leading corporations)	9.0	5.1	8.6
Total (leading corporations)	100	100	100

Source: Author's elaboration based on corporate rankings published in the journal *Prensa Económica*, year 1977, 1980, and 1984.

the performance of state-related corporations was much better than state-unrelated corporations. They increased their number from 18 to 30 (from 1976 to 1983), they produced 50 percent of the profits earned by leading corporations—even though they had a limited participation in the total sales—and achieved returns on sales relatively higher throughout the studied period (see Table 2).

Spread of PAS in Democracy Return (1983–1989)

At the beginning of the new democratic government, state economic intervention retained the most harmful characteristics developed during the dictatorship, which contributed to the consolidation of the new accumulation pattern. Although Ricardo Alfonsín administration (1983–1989) tried to reorient state intervention, political economy became orthodox very soon.⁴¹

1 At the same time, the state crisis deepened due to two factors: the
2 deterioration of state financial and administrative capacities and the
3 proliferation of corporate agreements with formal and informal enti-
4 ties from the business class that undermined the levels of state relative
5 autonomy.⁴²

6 Several economic plans implemented from December 1983 to July
7 1898 failed to reverse the economic situation: investment remained
8 below the early 1970s levels and GDP growth was erratic and unsus-
9 tainable. The high inflation regime soon gained new traction, and
10 income distribution deteriorated accordingly. More importantly, the
11 PAS consolidated during the dictatorship expanded over the period,
12 further reducing state capacities.

13 The new democratic administration kept transferring resources to
14 the domestic concentrated capital, and the mechanisms for financial
15 valorization remained in place. In addition, new mechanisms were
16 implemented, such as debt capitalization programs and subsidies for
17 industrial exports. In spite of a serious fiscal crisis, the close entan-
18 glement between state officials and powerful businessmen, together
19 with a strategy of “selective support” adopted by the government,⁴³
20 further decreased the state autonomy to design and/or implement
21 public policies. This continuity between both administrations is clear,
22 for instance, in the case of the privileged accumulation spaces gen-
23 erated around the peripheral privatization of the state-owned oil
24 company YPF. Not only the contracts renegotiated during the dicta-
25 torship were validated, but also new plans were negotiated along the
26 same lines, strengthening a policy orientation that had proved highly
27 detrimental for the company in the past.⁴⁴ Thus, continuing a late
28 1970s trend, the democratic government supported the further expan-
29 sion of harmful PAS.⁴⁵

30 Those corporations that could have access to PAS could expand
31 and/or consolidate their position on the spectrum of the largest
32 corporations in the country. But when different types of transference
33 are analyzed, it is clear that corporate accumulation dynamics was
34 most positively influenced by industrial promotion and differential
35 pricing in transactions between private corporations and state agen-
36 cies or state-owned corporations (see Table 3). The following trans-
37 ference mechanisms were implemented from 1984 to 1988: differential

Table 3

Profile Evolution of Leading Corporations According to their Relation to the State, Years 1984 and 1988

Corporations	1984	1988*
Related to the state		
Number	31	26
% Sales	25.2	27.3
% Profits	98.5	66.2
Profits/sales	12.6	9.9
Not related to the state		
Number	69	74
% Sales	74.8	72.7
% Profits	1.5	33.8
Profits/sales	0.1	1.9
Profits/sales (leading corporations)	3.2	4.1
Total (leading corporations)	100	100

*The analysis does not include the year 1989 because the indicators are distorted by the high inflation rate that was reported to reach 5000 percent for retail prices and 3500 percent for wholesale prices.

Source: Author's elaboration based on corporate rankings published in the journal *Prensa Económica* (1985 and 1989), Acevedo (et al. 1990), Azpiazu (1995), Bisang (1990), Kosacoff and Azpiazu (1989).

pricing, industrial promotion, debt capitalization and industrial export subsidies. But differential pricing and industrial promotion were the most important to explain business expansion.

Through an analysis of the evolution of returns on sales and the percent participation in total sales of the leading corporations for each firm since 1984 to 1988, I analyzed certain behaviors on the part of state-related corporations regarding two central aspects: their capacity to obtain privileged quasi-rents and their possibility to consolidate their positions on the spectrum of leading corporations.⁴⁶ The following patterns of behavior emerged. First, one third of the total corporations showed a significant increase considering both aspects. It can be inferred, thus, that not only did they increase their positions on the spectrum of leading corporations but also that they had higher profit

1 margins, emerging as the group with the best performance within the
2 fraction.⁴⁷ Nearly two thirds of the total corporations increased their
3 participation in total sales. Thus, showing that the relative influence of
4 the fraction related to the state on the spectrum of leading corporations
5 increased.⁴⁸ Secondly, nearly half of all the corporations increased their
6 returns on sales. In some cases the increase was more significant.⁴⁹ This
7 suggests that PAS previously created were still effective.

8 Although the number of state-related corporations was reduced,
9 most of the corporations that remained on the spectrum of leading
10 corporations became more influential on the market and more than 40
11 percent could increase their returns on sales. It is curious that this took
12 place when the main economic indicators were globally stagnated and
13 there was a serious public-sector crisis. Despite this serious state of
14 affairs, the state continued transferring directly or indirectly large
15 resources to the domestic concentrated capital.⁵⁰

16 It is evident that the public policies implemented by the different
17 ministerial groups of the first government during the democratic
18 transition favored the main transferences of public resources to the
19 domestic concentrated capital. The close state-business relation
20 together with the “selective support” strategy adopted by the govern-
21 ment to gain popular support led the state to reduce its relative
22 autonomy when designing and/or implementing public policies. Thus,
23 the state supported the most harmful characteristics of PAS that had
24 considerably expanded during the last dictatorship.

25 After the government collapsed due to the hyperinflationary crisis in
26 1989, the privatization of state-owned corporations began through the
27 adoption of neo-liberal structural reforms. The restored democratic
28 government did not only support economic behaviors from the dic-
29 tatorship but also worsened the state crisis to an unknown extent.
30 What is more, it created the necessary mechanisms to increase the
31 economic influence of those who appropriated the public capital
32 accumulated during several decades.

33 *Spread of PAS: A Systematic Perspective*

34 From 1966 to 1989 state economic intervention showed a higher
35 tendency to transfer public resources to large private corporations
36
37

1 through different transference mechanisms. Two of them were very
2 important because of their magnitude and persistence: differential
3 pricing in trade transactions between corporations and state agencies
4 and preferential financing for certain industry sectors that were con-
5 sidered strategic. Both mechanisms operated throughout the studied
6 period, even when the state financial crisis was evident and until the
7 business state collapsed in 1989.⁵¹

8 The transference of public resources was made in a context of
9 imbalanced quantity and quality of state intervention which increased
10 as its financial and administrative capacities were deteriorated. Addi-
11 tionally, several practices implemented by the business class pre-
12 vented the privileges granted in the previous stages from being
13 withdrawn. These policies were constantly oriented to finding new
14 mechanisms for transferring public resources that could enable them
15 to expand under the protection of the state. Along this process, the
16 state-business relation was strengthened and key administrative state
17 agencies were colonized, especially during dictatorial governments
18 (1966–1973 and 1976–1983). This is how large capitalists are directly
19 or indirectly led to capture state decisions.⁵²

20 The last dictatorial government marked an inflection point in the
21 orientation of state economic intervention. Through abrupt trade and
22 financial liberalization policies and a drastic reduction of real salaries,
23 the state decisively abandoned the industrialization strategy initiated
24 after 1929. In turn, this policy reorientation generated the conditions
25 for a new accumulation pattern. The new pattern had significant
26 socially regressive effects, depriving popular sectors of material and
27 symbolic resources acquired in the previous decades. From that
28 moment on, the external and public sector crises worsened. Moreover,
29 the path of industrial development was never reassumed and invest-
30 ment and income distribution never reached the levels attained during
31 the late import substitution period -at least till the end of the 20th
32 century.⁵³

33 Apart from this process of regressive changes in economic state
34 intervention, PAS related to the business state spread widely. They
35 were mainly created through the demands from both public corpo-
36 rations and preferential financing for private corporations either to
37 increase fixed assets or to cover operating costs. The last dictatorship

1 also set a benchmark since it expanded and diversified the existing
2 accumulation spaces through large projects of public works, periph-
3 eral privatization of state-owned corporations and industry promotion
4 in strategic sectors. It also used innovative mechanisms related to the
5 financial sector to get quasi-rents, such as taking on foreign debt at
6 one-digit interest rate, issuing placements to the financial markets at
7 higher interest rates and then withdrawing funds and transferring them
8 abroad in order to protect them against devaluation.

9 Finally, Alfonsín administration supported the main PAS that were
10 in force in the previous period and even created new ones related to
11 multiple facilities allowing certain corporations to be successfully
12 incorporated into the international trade market. However, the acute
13 fiscal crisis hindered the adequate expansion of PAS due to the
14 following factors: increasing transferences to external creditors and to
15 the domestic concentrated capital, public income deterioration and
16 stagnation of the main macroeconomic variables. This situation led to
17 the virtual collapse of the state during the hyperinflationary crisis in
18 1989 and the subsequent privatization of public assets that were held
19 by those corporations that had been closely related to the state for
20 several decades.⁵⁴

21 However, the spread of PAS and its negative effects cannot be
22 thought as the result of state intervention. As it has been demonstrated
23 through different case studies, PAS were established within a system of
24 state-business relations basically supported by collusive practices.⁵⁵
25 Although all types of strategies and pressure practices adopted by
26 capitalists towards the state have been observed, it was the quasi-
27 secretive state-business agreements that allowed the regulatory
28 framework to be adapted in the interests of private corporations.
29 So certain mechanisms were promoted to obtain enormous benefits,
30 for example: discretionary pricing, the formation of highly concentrated
31 markets and fine forgiveness.

32 The profile and performance of the several fractions on the spec-
33 trum of leading corporations indicate that privileged firms were greatly
34 influenced by state behavior which was much more conditioned by
35 corporate behavior. It was these firms—most of them national or
36 members of the most important economic groups in Argentina—that
37 could gradually increase their participation on the spectrum of the first

1 100 corporations, their sales volume and, especially, the amount of
2 total profits. This is how they obtained relatively higher returns on
3 sales in the different studied periods. In 1966 there were only eight
4 firms related to the main fraction of leading corporations that
5 accounted for 6.4 percent of sales and 9.4 percent of total profits
6 whereas in 1988 there were already 26 and accounted for 27.3 percent
7 of sales and 66.2 percent of profits. The fact that a fraction represents
8 less than a third of leading corporations and produces two thirds of
9 the total profits clearly demonstrates the advantages derived from the
10 state-business relation.⁵⁶

11 Furthermore, the increasing economic power gained by a limited
12 fraction on the spectrum of leading corporations implied a reliable
13 source of political power to permeate the interstitial administrative
14 agencies through several practices that promote state-business relation
15 (for example, lobby, corporate pressure, colonization of strategic
16 public positions, bribes and informal agreements). The state-business
17 relation established during the democratic restoration clearly shows
18 the increasing capitalistic power to influence on how to orient state
19 intervention. Therefore, state intervention showed a higher tendency
20 to support several mechanisms for income transfer in order to favor a
21 reduced but powerful social sector.

22 This process partly accounts for the state financial collapse in
23 the late 1980s which gave rise to favorable social conditions for the
24 neo-liberal plan to be known and accepted. The state had to face the
25 simultaneous pressure from external creditors to pay debt interests
26 and from capitalists to maintain the subsidies (direct or indirect) aimed
27 at favoring the accumulation of domestic concentrated capital. The
28 hyperinflationary crisis was the last sign that the system for transfer-
29 ring public resources was collapsed. However, the crisis had a discipli-
30 ning effect on the weakest popular and capitalist sectors. As a
31 result, the neo-liberal discourse found its way attacking and accusing
32 the state of not being efficient at solving the main economic problems.

33 Since then, other policies have been adopted, such as the privati-
34 zation of state-owned corporations, commercial and financial libera-
35 lization, desregularization of key markets (for example, the labor
36 market), and the establishment of a common market among border
37 countries. These policies have contributed to the construction of a

1 new scenario with business opportunities that have greatly influenced
2 the profile and performance of all capital fractions, even though they
3 continue supporting the state-business relation.⁵⁷

4 Although the reforms suggested by neoliberal “experts” and
5 requested by the business class were implemented in the 1990s,⁵⁸ PAS
6 were still created and favored a selected group of private corporations,
7 most of which had benefited from other PAS during the previous
8 decades.

10 **Conclusions**

11 The Argentinian case is a very clear example of PAS leading to
12 development restrictions. The orientation given to policies by the
13 different Argentinian governments between 1966 and 1989, has
14 showed that increasing transferences of public resources to the largest
15 private corporations generated privileged accumulation conditions for
16 certain fractions of business. These transferences were implemented
17 through two mechanisms: fixation of differential prices in trade trans-
18 actions between corporations and state agencies as well as preferential
19 financing policies for industries. Despite the deteriorated public
20 finance, both mechanisms were supported throughout the studied
21 period, promoting the consolidation of a domestic capital fraction.
22 However, the main macroeconomic indicators did not show such a
23 significant increase that could lead us to suppose that public resources
24 constituted a solid base for development. On the contrary, real income
25 *per capita* and gross domestic investment decreased, external inser-
26 tion of industrial products did not improve significantly and capital
27 outflow as well as public debt increased exponentially.

28 Furthermore, the imbalance between quantity and quality of state
29 intervention was enhanced: the state fully participated in economic
30 activities, but its financial and administrative capacities were debili-
31 tated. This leads the state to reduce its relative autonomy when
32 designing economic policies, regardless of the political regime in force
33 or the government in power. As a result, reduced relative autonomy
34 becomes a structural characteristic of state behavior. Moreover, dete-
35 riorated state intervention is associated with certain practices that
36 strengthen the state-business relation, creating and supporting several
37

1 privileges that favor the domestic concentrated capital. I have shown
2 that collusive practices between the state and business as well as the
3 colonization of key state administrative agencies are the most common
4 practices that promote the type of state-business relation that character-
5 izes Argentina in the considered period.

6 In short, the Argentinian case clearly shows the serious conse-
7 quences of PAS expansion. PAS strengthen the structural positions of
8 a reduced business group, deepen the state crisis and set regressive
9 patterns of economic activity. Moreover, they increase—to an
10 unknown extent—the restrictions on establishing a development
11 model through which potentially increase domestic production and
12 improve the quality of life of the society as a whole.

Notes

15 1. The notion of economic development shows several scopes and
16 meanings according to the theoretical approach and the historic period
17 considered. In this article the widest definition of the term is considered; that
18 is to say, economic development is defined as a process through which
19 productive forces are sustainably developed along with technological and
20 productive capacities within a national economy, and living standards are
21 increased through a progressive income distribution.

22 2. See Hirschman (1958), Myrdal (1957), Gerschenkron (1962), Evans
23 (1995 and 1996), Amdsen (1989, 1991, 1992, 2001).

24 3. It is obvious that these are not the only existing explanations, but these
25 have been the most influential in the region at different moments when
26 formulating public policies.

27 4. This perspective is supported by a branch of the development theory
28 and most advocates of the Latin American structuralism. See Hirschman
29 (1958), Myrdal (1957), Gerschenkron (1962), CEPAL (1951), Prebisch (1962),
30 Pinto (1970), Furtado (1966, 1983), Cardoso and Faletto (1969), Sunkel and
31 Paz (1980).

32 5. See Dornbusch and Edwards (1990), Friedman (1962), Grindle (1991),
33 Krueger (1974), Williamson (1990, 1997).

34 6. The works by Amdsen (1991, 1992); Evans (1995, 1996); Chibber
35 (2003); Haggard and Kaufman (1995); Hall (1993); Maxfield and Schneider
36 (1997); Schneider (1995, 1997); Sikkink (1993); Shapiro and Taylor (1991);
37 Silva (1996, 1997) are the most representative of this approach.

38 7. An exhaustive presentation of scholars who supported these ideas can
39 be seen in Schneider (1999).

40 8. I am not assuming that the only reason of Argentinean underdevelop-
41 ment is the type of state-business relation. Underdevelopment is a complex

1 phenomenon associated with more than one cause. What I am suggesting is
 2 that the type of state-business relation favored a rentistic behavior by eco-
 3 nomic elite, deteriorating financial state capacities. In that sense, it is possible
 4 to argue that the type of state-business relation increased development
 5 restrictions in Argentina, between 1966 and 1989.

6 9. Along these years, successive administrations shared a common
 7 view regarding the central role of the state for industrialization. Since 1966, a
 8 number of policies were implemented to bolster strategic industrial sectors.
 9 These policies were maintained till 1989, when there was a sudden change in
 10 the goals of state economic intervention. Thereafter, a number of structural
 11 reforms were implemented, including privatization of state companies, elimi-
 12 nation of industrial promotion, trade liberalization and deregulation of key
 13 markets (that is the oil market).

14 10. For the whole presentation of the strategy the several indicators
 15 considered for variable elaboration and the techniques applied in this inves-
 16 tigation, see Castellani (2008).

17 11. According to the structuralist Latin-American tradition, structural
 18 relations are those that persist beyond changes in the political regime or
 19 economic model.

20 12. See Amdsen (1989, 1991, 1992, 2001); Chibber (2002, 2003); Evans
 21 (1995, 1996); Nochteff (1994); Schneider (1995, 1997); Sikkink (1993); Silva
 22 (1996, 1997); Wade (1990).

23 13. See Schneider (1999: 55) for further insights on the advantages of
 24 embedded autonomy in comparison with reciprocity.

25 14. See Chandler, Amatori and Hikino (1997).

26 15. The consequences of PAS diffusion are similar to the ones indentified
 27 by Krueger (1974) in cases of rent-seeking political economies. However,
 28 there is an important difference regarding how the causal mechanism is
 29 conceptualized. From the rent-seeking perspective, it is ultimately the very
 30 existence of state economic intervention what leads to rentistic behavior.
 31 Strategic interventions are always ineffectual because development is con-
 32 ceived of as the product of freely operating markets. Therefore, rent-seeking
 33 diffusion is always consequence of ill-advised state officials' initiatives. On the
 34 contrary, the notion of PAS posits that the cause of these arrangements lies in
 35 the type of relation between state and business actors, which are equally
 36 responsible, and not in the existence of state interventions per se (Chibber
 37 2005). In fact, in the Argentinean case there is a considerable amount of
 38 evidence of PAS diffusion during the 1990s, when state economic intervention
 39 was drastically reduced. On this see Castellani and Gaggero (forthcoming),
 40 Castellani and Serrani (forthcoming), and Serrani (2010).

41 16. It is worth noting that cases of PAS might exist (or might have existed)
 42 in developed countries, as well as isolated cases of SAS might exist in
 43 developing countries. These possibilities do not invalidate my argument.

1 My concern is establishing whether the type of business-state relation is a
2 causal force tending to generate the predominance of one or the other space.
3 In the Argentinean case, this relation allowed the general diffusion of PAS
4 between 1966 and 1989.

5 17. Unlike quasi-rents derived from technological innovations, privileged
6 quasi-rents are produced by different state regulations that allow corporations
7 to establish oligopolitic positions and to control the supply of proprieties
8 and services as well as to take discretionary control over prices. Thus, profits
9 obtained by corporations and their possibility to expand do not derive from
10 cost optimization, but from an income increase through discretionary price
11 fixing mechanisms guaranteed by the state. That is why, privilege quasi-rents
12 are not temporary since they are not eroded by competitiveness like techno-
13 logical quasi-rents but they remained as long as the state grants the privileges.
14 See Nochteff (1994).

15 18. As shown in the Argentinian case, it does not even guarantee surplus
16 reinvestment on productive activities within the country where they operate.

17 19. This definition differs from traditional neoliberal and neoinstitutionalist
18 views over the role of the state on the promotion of rent-seeking behaviors,
19 since it implies the fact the rents are not the result of corruption, but they are
20 produced by different types of state-business relations at a certain historic
21 moment as it will be shown below.

22 20. The relation referred here is not that between state officials and business
23 people established through common social experience. This fruitful line of
24 investigation partly contributes to accounts for state embeddedness levels. It
25 only makes reference to those possible behaviors that establish relations
26 between public and private sectors associated with economic state intervention.

27 21. It is worth making clear that these practices do not exhaust the
28 spectrum of business behaviors. Only those business behaviors bound to
29 interact with the public sector are listed here. Moreover, business actors can
30 act jointly to promote alliances or disagreements with other social actors (even
31 within the business class itself) and also can act individually at a microeco-
32 nomic level, taking decisions related to investment levels, production capacity
33 and salaries, which strongly influence on the general economic development.
34 However, by focusing on the state-business relation, other types of actions are
35 not taken into account.

36 22. Collusive practices imply agreements (either implicit or explicit)
37 reached by corporations operating in a oligopolic market to jointly fix prices,
38 production levels and market shares. These agreements enable corporations
39 to operate under low-risk conditions and to gain monopolistic benefits; that is
40 to say, benefits derived from discretionary control over prices.

41 23. Even though extensive literature with analyses on this regressive
42 accumulation pattern is available, I deem Eduardo Basualdo's (2006) work an
43 essential tool to study these issues.

1 24. See Basualdo (2006), Nochteff (1994), Pucciarelli (2004), Thomas
2 (1999).

3 25. See Sidicaro (2001, 2002), Camou (1997), Orlansky (2001), Oszlak
4 (1984, 1990).

5 26. See Azpiazu, Basualdo, and Khavisse (2004), Basualdo (2000),
6 Castellani (2004, 2006), López (2008) and Schorr (2004).

7 27. See Castellani (2009: Ch. 2).

8 28. For a detailed presentation of this topic see Castellani (2006: Ch. 6).

9 29. During those years, businessmen were appointed for 38 out of 48 high
10 state offices. Within the economic cabinet, business presence was remarkable:
11 26 of the 30 higher offices were held by businessmen.

12 30. During 1966, the military government attempted to implement a Public
13 Administration's reform. However, the initiative failed due to the resistance of
14 the economic cabinet. For more details see Castellani (2006: Ch. 6).

15 31. Fiscal deficit increased from 7.3 percent of the GDP in 1973, to 16.2
16 percent in 1975.

17 32. The work by Marcelo Rougier (2004) and Jorge Schvarzer (1979) are
18 crucial references for deeper insights into these issues.

19 33. These are some of the corporations privileged by the state: Acindar
20 (a steel corporation), Bridas (a petroleum corporation), Corcenar (a cement
21 corporation), Pérez Companc (a petroleum corporation) and Techint (a build-
22 ing corporation).

23 34. See Rougier (2010), Castellani (2006: Ch. 5).

24 35. In a brief but precise description of these mechanisms, Basualdo
25 (2000: 28–29) affirms that “[. . .] desde 1979 en adelante cuando, en el marco
26 de de un tipo de cambio decreciente en el tiempo confluyen la Reforma
27 Financiera con la apertura externa en el mercado de bienes (importadora)
28 y el mercado de capitales (endeudamiento externo), el grueso del endeuda-
29 miento de las grandes firmas no se orientó prioritariamente, a posibilitar la
30 actividad específica de la firma, sino que se destinó [. . .] a la realización de
31 colocaciones financieras en el mercado interno e internacional. Esta opera-
32 toria le permitió al capital oligopólico obtener una ingente renta que, en
33 buena medida, se canalizó hacia el exterior; desvinculándose del proceso
34 económico local. Más aún, ese es uno de los destinos importante de endeu-
35 damiento externo, sino en muchos casos del interno e incluso de una parte de
36 las utilidades obtenidas en el desarrollo de su actividad económica” [from
37 1979 onwards when, in the context of a declining exchange real-time rate
38 converge the financial reform with the external opening in the goods market
39 (importer) and the market of capitals (external debt), the bulk of borrowing
40 by large firms not focused as a priority, to enable the specific activity of the
41 firm, but that went [. . .] the realization of financial investments in the domestic
42 and international market. This operation allowed the oligopolist capital get a
43 huge income which, largely channeled towards the outside, regardless of the

1 local economic process. “Moreover, that is one of the destinations important
2 external indebtedness, but in many cases the internal and even a portion of
3 the profits obtained in the development of economic activity].

4 36. The main orthodox measures were trade and financial liberalization,
5 including opening the capital account and liberalizing domestic interest rates.

6 37. For further insights, see Pucciarelli (2004) and Castellani (2007).

7 38. A detailed description of the disputes within the military government
8 over state economic intervention can be seen in Canelo (2008).

9 39. See Basualdo (2006).

10 40. A detailed analysis of this process can be seen in Schvarzer (1982).

11 41. See the compiled work by Pucciarelli (2006).

12 42. See Acuña (1995) and Ostiguy (1990).

13 43. A strategy oriented towards getting explicit support from the main
14 business associations to secure the government.

15 44. A detailed analysis of this example of PAS can be seen in Castellani
16 (2009: Ch. 5).

17 45. For a detailed presentation of these issues, see Castellani (2009: Ch. 4).

18 46. For the first aspect, I examined earned returns on sales; for the
19 second one, I considered the evolution of the percent participation in total
20 sales.

21 47. The corporations included here are: Aluar (an aluminium corpora-
22 tion), Atanor (a chemical corporation), Pasa (a petrochemical corporation),
23 Techint (a building corporation), IBM (an IT corporation) and Pirelli (a tire
24 corporation).

25 48. This group of corporations includes: Alto Paraná (a cellulose paste
26 corporation), Atanor (a petrochemical corporation), Equitel (a telecommuni-
27 cation facility corporation), Polisur (a petrochemical corporation), Propulsora
28 Siderúrgica (a steel corporation), Sideco and Techint (building corporations).
29 These corporations showed an increase in their participation in total sales
30 more than 50 percent.

31 49. For example, corporations that were already mentioned such as
32 Atanor, IBM, Pérez Companc, Petroquímica Bahía Blanca, Propulsora
33 Siderúrgica, and Techint.

34 50. See Basualdo (2006) and Ortiz and Schorr (2006).

35 51. Between 1984 and 1989, it is estimated that the state transferred to
36 business nearly 15 thousands millions dollars—in concept of exemptions,
37 taxes deferrals, indirect or direct subsidies. During the same period, flight
38 capital represented 14.5 thousand millions dollars and public debt increased
39 in 22.5 thousand millions dollars (Basualdo, 2006, Chapter 4).

40 52. See Castellani (2009), Heredia (2006), Niosi (1974), O'Donnell (1982).

41 53. See Basualdo (2006), Nochteff (1994), Pucciarelli (2004).

42 54. See Abeles (1999), Azpiazu (1994), Castellani and Gaggero
43 (forthcoming), Schorr (2004).

55. See Castellani (2006: Ch. 5, 7), Castellani and Serrani (forthcoming), Rougier (2010).

56. State-related companies are mostly domestically owned and are integrated into economic groups. They produce industrial inputs and have a weak to non-existent export performance. On the contrary, the companies not related to the state are mostly foreign-owned and are not integrated into economic groups. They produce durable consumer goods for the domestic market or agro-industrial goods mainly for export. For a detailed description of both groups during the period see Castellani (2006, 2009).

57. See Castellani and Serrani (forthcoming), Castellani and Gaggero (forthcoming).

58. *Entre otros, consultar los trabajos de Beltrán* [Among others, consult the work of Beltrán] (2006), Camou (1997), Heredia (2006).

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Appendix

Table I

Selected Variables to Analyze PAS Spread

Variable	Dimensions	Indicators
State economic intervention	Implemented economic measures	Policy content
	Transference of public resources	Beneficiaries of the main transferences of public resource
	Macroeconomic results	Indicator evolution for GDP, incomes, currency, finance and external sector
	Financial capacities	Financial state in the public sector
Business Behavior	Administrative capacities	Consistent policy implementation
	Relative autonomy	Filiation and career of the main state functionaries
	Structural actions by business people	Permeability to corporate pressure on state functionaries
	Actions oriented towards a relation to the public sector	Level, composition, orientation and evolution of investment Level, composition and evolution of production Salary evolution Employment level Price evolution
Profile and performance of large corporations	Structural profile / leading corporations	Corporate demand
		Business actors/ Individual executive demand
		Existence of institutional agreements
		Corruption claims
Performance by business fractions within the spectrum of the leading corporations	Structural profile / leading corporations	Presence of state functionaries/business actors
		Activity sector
		Property organization and capital sources
		Relations to the external sector
Performance by business fractions within the spectrum of the leading corporations	Structural profile / leading corporations	Relations to the State
		Participation in total sales
		Participation in total profit
		Evolution of returns on sale

Source: Castellani (2008).

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