

URUGUAY: THE EVOLUTION OF AN AUTHORITARIAN REGIME

by

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## I. From Independence to 1904

This part is an attempt to point out the main factors in the development of Uruguay as an independent state. During the first decades of the XIX century the division of the various regions that were part of the Spanish Empire occurred. The constitution of Uruguay as a state emerged from conflicts between groups which had different political and economic interests. There are three main factors to observe social integration, political organization and productive system. Some of their characteristics originated in the XIX century.

We'll study the evolution of these factors during the last half of the XIX century, focusing on social groups with common interests, and the political parties. We'll consider the position of the groups in the economic structure and the economic power resulting from these positions and the development of the parties from "bandaries"<sup>x</sup> to the beginning of structured political parties.

The characteristics of the Spanish settlements in the Rio de la Plata region were largely determined by the small native population, and the lands that were especially suited for cattle raising. The characteristics of the region together with dependence on the world market conditioned its evolution toward rural activities oriented to cattle raising and the urban centers oriented to transit trade. Its existence as a natural port turned Montevideo into the commercial center of the entire region, including the Argentinian shore of the Uruguay river and Brasil (Rio Grande do Sul). The long period of different group wars before and after the independence, reaching Argentinian and Brazilian regions, was an important reason for the weakness of any ruling sector. It had also economic consequences in the

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<sup>x</sup> Banderias, a gang of a group of men united behind one leader called caudillo

destruction of the rural lands. The wars in Argentina during this period, and the influence of France and Great Britain determined the constant instability inside the country. This instability manifested itself in wars between groups following their "caudillos" (banderías) -Rivera, Lavalleja, Oribe- which would later turn into the political parties.

#### From "Banderías" to Political Parties

The Big War (Guerra Grande)<sup>1</sup> 1840-1850 was the main event that divided the banderías into two main groups which were later consolidated in the Colorado and Blanco parties. The division, during this war, between the city of Montevideo (its population being mainly European) controlled by the Colorado Party and the rural region, which was dominated by the Blanco Party, strengthened the differences between both political groups. As Barran says, "The Colorado Party was an urban based party, open to liberal European ideologies. It was supported by the immigrants who came from the European revolutions, especially French and Italian, and it had the Brazilian support. The Blanco Party was rooted in the rural sectors, and stood out as a party of resistance to the French and English interventions, and for its authoritarian Spanish traditions. It was related to the Argentinian alliance and the defense of the American and "oriental entity".<sup>2</sup>

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<sup>1</sup>The Big War was the longest period of fights between internal groups connected to political interests in Argentine. We cannot speak during this period of "parties" and it's impossible to fix a date of founding, usually it's said that in the "Carpintería" battlefield (1836) the groups appeared for the first time with different identifications, the white (blanco) and red (colorado) colors.

<sup>2</sup>Barran, P., Apogeo y crisis del Uruguay pastoril y caudillesco (Montevideo.: Banda Oriental Press, 1975), p. 6. Oriental refers to the region on the east shore of the Uruguay river and it's a synonym of Uruguay. It has a historical and ideological meaning because it implies the unity of the "Patria Grande" (Big Nation) covering the Argentinian region bordering the river and Rio Grande do Sul in Brasil. The caudillo Jose Artigas, in particular, fought for the independence of the Patria Grande.

Even though in 1830 the first Constitution was approved and the central powers established, their authority wasn't effective. The real authority was in the local caudillos of both factions.<sup>3</sup> The solutions to the war were put in different ways assuming different interest and cultural frameworks: the urban sectors and the cultivated members of both parties (doctores) on one side, the rural sectors and the "caudillos", on the other side.<sup>4</sup> The first ones understood that the union of both parties was the only way to finish the wars and to consolidate the nation. But it was also the way to limit the caudillos' authority and to remove the rural elite from political power. The others felt that the "politics of pacts"<sup>5</sup> was the only lasting solution. After the Big War the "doctores" of both parties united the Colorado and Blanco party in one party. On this basis the governments of Giro, Flores, Pereira ruled until 1863. There was peace in the rural region and sporadic fights took place only in the city.

Two factors undermined the unity and the peace in the nation.

One, a lack of enough export markets which left the prosperous rural elite with a surplus of production goods (leather, salty meat and cattle), which created an economic crisis, and two, the weakness of the central power.

Barran shows that the central power had not the infrastructural means to

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<sup>3</sup>We talk of factions because of the difficulty to define them as political parties.

<sup>4</sup>We are referring to an aspect that cross-cuts blanco and colorado factions, that is the division between the urban and cultivated sectors and the rural and non-cultivated sectors. The first sectors were dominant in the colorado faction. Their leaders, who were lawyers, medical doctors and intellectuals, were called "doctores".

<sup>5</sup>That means agreements restricted to each incident of opposition.

exercise their authority. "Modern arms, telegraph, railway, bridges, those elements that strengthen the power of the central government, only started to take effect after 1875"<sup>6</sup>.

The breakdown of the union government meant the beginning of civil war between the Colorado and Blanco party, and the intervention of neighboring countries which supported one or the other group. The end of the civil wars came with the war of the "Triple Alianza" (that's the alliance of Argentine, Brasil and Uruguay) against Paraguay. Its political consequence was again division of regional caudillos inside the political parties. The solution for peace became again the union of both parties and once more the "caudillos" and the "doctores" opposed each other. This shows the weakness of the emerging political parties, their process of consolidation was often disrupted by regionalism.

Until 1875 the situation of continuous fights took place between the parties, then a series of authoritarian governments (Latorre, Santos) imposed the unity of the central power in the entire territory. The infrastructure for a stable exercise of power was established by the end of the century. Some improvements were made in different public services, other services became public (postoffice, civil registers, etc.) and legal provisions were adopted to organize several activities (for example, property rights on land and cattle).

In the 1870s, although the influence of national caudillos decreased greatly, there were other reasons for political instability: the

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<sup>6</sup>Barran, op.cit., p. 75.

fighting within the parties for leadership, the armed forces supporting the Colorado Party, and the almost exclusive positions of this party in the governments, which caused a lot of opposition by the Blanco Party.

In the last decade of the century the Blanco Party was reorganized and, inside the Colorado Party two tendencies split the party. One preferred the limited participation of elites in political activity, the other one (whose leader was Jose Battle y Ordonez) organized through regional clubs to reach the popular sectors. The political activity till then had been exclusive to elites. In Montevideo (with 30% of the total population) out of 215.000 inhabitants only 15.000 were citizens. But the rise of the "blanco" forces made the division in the Colorado party secondary. Uruguay was divided between the two parties. The Pacts of 1897 tried to recognize the Blanco party by giving it ruling power in the regions where it dominated, however, they weren't given representation in Parliament as the Blanco Party had wanted to get. In 1903, Battle was chosen president, and the period of peace came to an end in 1904 with the last "caudillo blanco", Aparicio Saravia, rise against the government, demanding equal representation for the Blanco party in the government. Battle wanted "one law, one government (without Blanco party participation), one army". His government meant political and administrative unity, and the consolidation of the central power. During his first presidency the wars against the Blanco Party didn't stop, even though the main fight was in 1904, and the dominance of the Colorado party continued.



## Social Structure

We gave an outline of the political evolution and the main forces during the second half of the XIXth century. But to understand this period it's necessary to look at the social structure that supported the different political interests.

The specialization in cattle raising in an extensive way<sup>7</sup> contributed to the division of land into latifundia. But the instability made it difficult for the property to be kept and a high mobility of landowners was possible. This meant that a lot of foreigners, Brazilian and European, became landowners. Although the fight for the ownership of land went on till 1870, its character changed during the period. The upper rural class was mainly composed of foreigners. The Brasilians were the most important group, around 10% and 30% of the territory mostly in the north of the country belonged to them. The European landowners were on the shore of the Uruguay river.

The economic pattern, during the XIXth century, was oriented toward the world market. The main export products were leather and salty meat. This production pattern was also common to Argentine and to the southern region of Brasil. The changing borders among these regions, the lack of limits to ownership of land and the difficulty to identify the ownership of cattle, resulted in the constant shifting of cattle across the border in order to produce salty meat and leather in the most profitable way. The main markets for leather were European while the manufacture of salty meat

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<sup>7</sup>That implies low requirements of work force and means of production.

only attracted the nearby markets. The main buyers of Uruguayan meat were Brasil and Cuba. The wars in the period were the main reason for the crisis in this production; they destroyed the cattle, or it was set free and went wild; as a consequence the meat industry disappeared and the production of leather decreased. This is why the economic interests of the dominant sectors and the center economies were for the establishment of peace.

In the last half of the century, wool production had increased and it became the first export product. An important change had taken place, the herds increased and the quality of their wool had improved. The growth of the European textile manufacture and the problems to obtain cotton increased the demand for wool. Wool production had new requirements which produced changes in the class structure.

As mentioned before, the other main economic activity was trade. The commercial sector in Montevideo exported the basic products from the entire region and imported the manufactured ones from Europe. This activity created a strong commerce and its economic power was supported by gold. The predominance of the importers, as a social sector, contributed to the fact that gold was kept as the currency. This commercial sector was composed mainly of foreigners: English, French, German and Spanish. They also had the monopoly of the credit market and speculated with gold, even financed State deficits. At this time, foreign investment (especially English) began, mostly in the public services (railway, electricity etc.); also a meat factory was founded, called The Liebig's Extract of meat Company Limited (original name). An attempt was made to create a national bank but the opposition of the private banks (Banco Comercial, Banco de Londres) soon caused its bankruptcy.

The economic crises which occurred during this period required certain changes, such as the enclosure of lands, the establishment of ownership, identifying the proprietor of the cattle, registration of land and cattle, improvement in the quality of the cattle, protection of the domestic market. Some protective laws enabled the development of some consumer-goods industry. The political changes in the Rio de la Plata region (especially in Argentina) damaged the possibilities of a transit trade.

#### Economic and Political Interests

There were two main sectors in the upper class: one related to the cattle production, the other related to commerce. The upper rural sector was very heterogeneous, and until the end of the Big War largely made up of foreigners, who desired peace at all cost, if necessary by foreign intervention. The nine years of Blanco party dominance in the rural area caused a majority of landowners to support this party here with uniting the rural elite and eliminating party conflicts. The absence of political conflicts among the national landowners and the general desire for peace of the foreign landowners contributed to stability in the countryside. Each time that fighting started in the country-side the foreign landowners required the intervention of their different governments, which, especially in the case of the Brazilian landowners put the independence of Uruguay in danger. Peace and order was important to all upper class sectors, but the "national" sectors opposed the foreigners when the sovereignty of the country was concerned. There were other reasons for the opposition between nationals and

foreigners. The possibility for the Brazilian landowners to have cheap workers (there were still slaves in Brasil) and the competition in the meat manufacture (the cattle passed easily over the border to Brasil to be manufactured there) were also sources of strain.

The wars weren't very damaging for the group of local cattlemen even though a lot of cattle was killed, for this was a way to solve the excess meat supply which could not be sold anyhow. But the situation changed when improvements in cattle raising developed, and the owners of better bred cattle weren't interested to see their animals killed. Another social group concerned with peace were the small landowners who became more and more important as a group with the increase of sheep raising. It gave economic power to the rural middle class and new opportunities of social mobility. Also the foreigners had more possibilities to raise sheep and could become sheepowners first and landowners later. The landowners near Montevideo and the Uruguay river regions developed the cattle raising techniques quicker and they were more modern and progressive in their thinking than the landowners in other regions.

The commercial sectors were also interested in peace, wars disrupted the relations between the rural areas and the city, and between the rural buyers and the importers in the city. The cost of the wars forced the governments to change the means of exchange from gold to paper currency. This was a big blow for the commercial sector since they paid their European creditors in gold. This sector was composed of importers and exporters. The interests of the exporters and the cattlemen were sometimes in conflict because of the exporters control over the export prices.

The enclosures of lands had important economic and social consequences. The cattle owners disappeared, the small and middle land owners were also affected since there was increasing concentration of land and increased unemployment and miserable conditions for the gauchos.<sup>8</sup> Agriculture had always been a secondary activity and it had not been damaged much by the wars because the agricultural regions were surrounding Montevideo, where the wars had hit least. The enclosure of land had differential consequences for the farmers, it was positive in that it stopped cattle invasions but it was negative in that the minifundia were consolidated into larger holdings.

The Big War emptied the rural area. Some years later, there was a quick growth of the rural population but it kept its nomadic and miserable way of living. Keeping cattle didn't give any job opportunities, the main change came with the increase in sheep raising which supplied the means for sedentary life. But interior unrest remained, driving the gauchos to fight, steal cattle and continue to live a nomadic life.

The situation was much different in the city. The urban sectors had much more job opportunities. During this period, the population of Montevideo consisted half or more of foreigners. This shaped the European consumption standards and the cultivated habits. At the end of the century Montevideo was the copy of Paris in the "belle epoque". The growth of trade, construction, the port and the river navigation supplied job possibilities. Also the beginning of industry in the last decades opened new opportunities.

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<sup>8</sup> Gauchos (cowboys) were the inhabitants of the rural area working in a temporary basis with the cattle and they formed at the same time the troops that followed one caudillo or another.

The internal migrations also increased the urban population. The European immigrants constituted the urban middle class, professionals, small shopkeepers, employers, craftsmen and small manufacturing entrepreneurs.

The workers unions (sociedades de resistencia) began to organize themselves in the last few years of the century. The conflicts started over the working hours (18 hours in some jobs), the salaries and the health conditions. The unions also organized big demonstrations demanding peace and condemning unrest in the rural area.

In the rural sector, a progressive elite came into being and it was composed of the new "estancieros"<sup>9</sup> on the shore of the Uruguay river, the most developed region of the country. They organized the "Association Rural" (1871) and constituted a strong pressure group especially during the authoritarian governments. The commercial sector also formed a new elite and its main supporters were the banks. Both groups put pressure on the main social group supporting the governments the "patriciado". This small group was composed of people living in the country since the colonial period and its members were related to the rural as well as to the urban activities, and occupied the main ruling roles. It was closely knit by family ties.

## Conclusions

Some of the main characteristics of the second half of the XIXth. century should be emphasized for they provide the background for the social and economic development of the country during the next century.

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<sup>9</sup>Estancieros are the owners of cattle and land.

The country depended for its economic growth on the evolution of the European markets, especially Great Britain. But this characteristic, common to all Latin America, was specified by the type of production—the cattle— and export products. Although Uruguay was a producer of raw materials, the diversity in leather, meat and wool enabled it to reach more markets and to balance the changes in the international market prices and demand. As a result of this diversity in production different social groups emerged.

Politics was gradually less and less influenced by the power politics of other neighbor countries. The state organized the local political forces independently from the pressure of international groups. The instability during most of the period strengthened some divisions and was an obstacle to the consolidation of a strong ruling group. The different periods in which the political parties were united were the result of the alliances of political forces of the urban elites which wanted to free themselves from the rural "caudillos". But this process which reached its peak during the authoritarian governments, came to an end during the dominance of the Colorado fraction of the urban sector. The transformations in the society closed the road to political power for the caudillos. But the antagonisms created during this period were going to be an obstacle for the expansion of a popular democracy.

Another characteristic was the integration of the population, much more mixed by different migrations and much more open to different cultural patterns. This can be seen in the early influence of positivism that kept the dominant groups far from the orthodox catholic doctrine. The Church was very weak, economically, in its institutional relations and in the formation of

its priests. Positivism was the source of the education reforms accomplished after the 1870s.

The foundation for the modern state were established in the 1870s and at the beginning of the XXth century. The progressive rural elite, organized in the "Asociacion Rural", was the social group that pushed this process in the 70s. This process included economic transformations as the increasing rational exploitation of the cattle, the organization of the administration and the police, the expansion of the legislation and the education reform. The urban process was reinforced by periodic migrations from Europe. The kind of rural production intensified the migration process, also the urban way of living became predominant.

## II. Parties, Party System and Social Classes 1904-1958

In this part, we'll study the process of consolidation of the state. The main characteristics in this process were the way in which conflicts were resolved: that's what has been called "the politics of compromise". The tendency supporting a welfare state was constantly constrained, and in order to reach this state many compromises were needed. The evolution of the dominant class and the popular sector will be analysed taking account of the effects on their interests and attitudes toward welfare policies.

The relations between the characteristics of the economic and social evolution provides some elements for explaining the early populist rule and its obstacles in Uruguay.



a. Political Evolution

During the five decades from 1903 to 1957, the Colorado Party was dominant but this neither meant the unity of the party nor coherent government programs. The main change was political stability and increasing popular participation. It is possible to distinguish three phases in this period. The first one lasted till the 1930s when Jose Batlle y Ordóñez's influence was predominant; the second phase was marked by Gabriel Terra's authoritarian government (starting with a coup d'état in 1933), and the third phase started in 1942, when the "batllista" fraction was dominant, and when the division of fractions inside the Colorado Party deepened.

Welfare State

In the first phase, organized efforts were made for improving conditions of life of the popular sector. But immediately those efforts found opposition. Batlle y Ordóñez's second government (1911-15) was a period of important changes in the political organization, the economic powers of the state, and in the social laws. These changes were based on Batlle's political and philosophical ideas. In accordance with the general thinking of that time, Batlle agreed that education and universal suffrage were the basis for democracy. To make these ideas effective, it was necessary to have free education for all social sectors, schools built in even the smallest towns in the country. The separation of State and religion was also a way to assure the freedom of all citizens.

In order to protect democracy and prevent the rise of an authoritarian executive, Batlle proposed a collective organization of the executive power (colegiado). He also promoted the frequent participation of the people in the decision-making process (by electing most of the members of the executive for a period of one year only) as one way to control the government. The organization of the party through sectional clubs, local committees, etc. was another way to exert its control directly on the political parties.

He thought that the intervention of the state in economic matters made it possible to protect a weak and dependent economy and its future development. This was manifested in the nationalization of credits and insurances, public services and the protection of new industries. Laws established the intervention of the state in the creation of the "Banco de la Republics", the "Banco Hipotecario" (credits) and the state monopoly of insurance companies, the electric utility and the railway services.

Batlle's ideas became effective in different laws. Most of them were concerned with new social conditions for the increasing number of urban workers: the eight-hour-workday for all workers with one day of rest per week, no child labor for youngsters under 13 years of age, less working hours for young people under 19, maternity leave for mothers, workmen's compensation, social security for people over 65, unemployment benefits. Some new laws were also concerned with education, free education for all levels, the extension of secondary education, special secondary education for women (giving more possibilities to them), the creation of secondary schools in the rural areas, extending the technical schools and introducing art, music and physical education in the school curriculum. Also important was the law

concerning house-rents, in this period the house-rents were frozen during three years and the eviction of tenants was stopped.

### Political Forces and Their Compromises

The collective executive power was the main subject of political discussion. On this subject the differences among several groups within the Colorado Party deepened. The Constitution of 1830 had not foreseen the creation of a legislative power where different opinions were represented and the president had a high level of political, social and economic authority. Changes in the political organization were necessary because of the social evolution. The stability of democracy and the predominance of one party were the main ideas on which the batllista philosophy of organization was based. The batllista group felt that with this collective executive the road to democracy was laid, the permanence of one party in the government was assured, and its accomplishment of a social plan was possible. The opposing arguments were: one, that the collective executive would start to resemble a second senate geared to discussion and evaluation but unable to execute the decisions from Parliament and that a one-man executive would have a stronger sense of responsibility when facing Parliament than a group of people together.

To keep the unity of the Colorado Party and its power in elections over the Blanco Party, Batlle's group had to come to compromises with other groups from his party. The re-organization of the executive power in the Constitution of 1917 was the result of these compromises between Batlle and the adversaries of the collective executive power. The solution was an executive power shared by the President on one side and an Administrative

Committee on the other. The President had the authority in the decision-making process, and the Administrative Committee acted as an advisor. Although both parties were represented in the Administrative Committee, the President's party had the majority. This solution was very different from Batlle's idea of a collective power. The groups that had opposed the collective executive power also wanted to stop most of the social policies supported by the batllista fraction.

The Constitution also established new laws (secret vote, universal suffrage for men) increasing the political participation of citizens who became more and more conscious of their importance and this started the tradition of political democracy in the country. The electoral laws and the organization of the state apparatus, enabled both parties to consolidate their political forces. But compromises between them were always necessary considering their similar bases of social support.

Compromises were also necessary between the different groups inside the Colorado Party -"Batllismo" and "Riverismo"- to assume more votes than the Blanco Party in the elections. However, after the second presidency of Batlle, divisions among different groups within the Colorado Party (batllistas, riveristas, and Feliciano Viera's group) deepened. The result was that even though the batllista group was the strongest, the presidents (Serrato 1923, Campisteguy 1927) were compromise candidates. The new electoral law gave the right to vote for one fraction (sublema) inside a party as well as for one party, herewith avoiding the splitting up of one party over disagreements at the same time making compromises among the fractions easier. But these compromises among fractions weren't always enough to have a majority in Parliament, at which time, compromises between both political parties were necessary.

The second phase began in the 1930s, after the election of Gabriel Terra who was candidate of the Colorado Party as the result of agreements among the fractions. He was originally a batllista candidate, but in order to end the political instability inside the executive power where his fraction made a strong opposition to his policies, he directed a coup d'etat in 1933. He was supported by the riverista and herrerista<sup>1</sup> fractions in the two parties. His authoritarian policies implied censorship of the press, limiting the public actions of the opposition forces, imprisonment and exile of political leaders, but also economic recovery of the country. His government excluded the batllista fraction and all the blanco groups against Herrera.

In this situation of big conflicts, the Batllista fraction remained in the Colorado Party, in order to present a united front for the elections. This unity was so artificial, however, that the meaning of the vote disappeared when those who voted for one fraction inside a party, ended up choosing another one with a very different program. According to the electoral law of 1934, the majority fraction of any one party in Parliament had the exclusive decision power in that party. This way the fractions which didn't support Terra's government were completely excluded from decision-making.

The elections of 1942 provided for the return of all political groups to the political arena, and the predominance of the batllista fraction. It was also the beginning of massive participation in the elections. Two new constitutions were approved (1942-52) and both of them showed the compromises

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<sup>1</sup>The name "herrerista fraction" came from its leader, Luis Alberto de Herrera (1873-1959) who was the main leader of the Blanco Party during the 20th century

which both parties had to make. At the moment that the batllista fraction was dominant, internal friction caused a new division of the fraction into two groups, between Jose Batlle y Ordonez's sons (List 14) and his nephew Luis Batlle (List 15)<sup>2</sup>. The candidate for the presidency in 1942 wasn't a member of the batllista fraction but a neutral candidate accepted by the minority groups. But the Batllista fraction remained the strongest group inside the party and in the next election a batllista candidate was chosen, while the fraction had a great increase in votes. Luis Batlle was president from 1946 to 1950 and had a good chance to be reelected as President. As the herrerista fraction was against the idea of Luis Batlle as president for the second time, they supported the collective executive which they had so far opposed.

"The Constitution adopted in 1951 represents the most elaborate version of what had come to be called the system of 'co-participation' particularly with regard to the measures defining the organization of the plural executive"<sup>3</sup>. In this Constitution the presidency was replaced by a council of nine members<sup>4</sup>; as to the Parliament (Senate-31 seats and Deputies-99 seats) the seats were distributed proportionately to all the lists presented in the elections. The batllista fraction continued being the majority in the collegial executive (1954).

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<sup>2</sup>The list numbers -14 and 15- identified in order of importance candidates to Parliament and to the Executive power. Later the numbers became a way to identify different tendencies and its leaders by the public.

<sup>3</sup>Graillet, H. and others, Guide to the Political Parties of South America, "Uruguay" (Harmondsworth, Penguin Books, 1973), p. 471.

<sup>4</sup>Six seats were given to the victorious lema (four of these to the majority fraction within the lema) and the other three were given to the second lema.

During this last phase, from 1942 to 1958, the batllista fraction wanted to widen the welfare policies implemented at the beginning of the century. The new political group supported the economic process of inward development, industrial growth and distributive policies. It was also oriented to diversify the rural production, increasing the importance of agriculture as well as giving welfare benefits to the rural workers and helping the manufacturing entrepreneurs. The economic crisis of 1956 meant the end of this economic pattern.

To better appreciate the evolution in the Colorado party and the divisions and compromises among its fractions, it is also necessary to observe the internal evolution of the opposing force, the Blanco Party, since the beginning of the century.

The Blanco Party which had been in the opposition for five decades had slowly acquired a larger role in the state apparatus. During the first decades of the century, the party had been part of the executive and had participated in the administrative councils of the public enterprises. Even though it appeared as the opposition to the Colorado party, there were various instances of important agreements between the two parties that resulted in co-participation in the government: the pact with Terra to get equal participation in the Senate (1933), the agreement with Luis Batlle (1947-48) to participate in the administrative councils and finally the pact with Martinez Trueba, Batlle Pacheco and Blanco Acevedo (leaders of the minority groups in the Colorado party) regarding the Constitution of 1952.

Inside the Blanco Party there were also divisions of groups. The main group followed Luis Alberto de Herrera and determined the permanence of

the Blanco party, but this didn't exclude the existence of fractions. At the beginning of the century, two tendencies were prominent, the "conservative" and the "populist" one (with Herrera as leader). Herrera introduced changes in the party, such as the existence of plural organs for decision-making which were similar to those of Batlle. But, as of 1933, however, Herrera run a one-man show in the Blanco party. This created divisions in the party which resulted in a completely new party, the Independent National group. Other small groups separated from the Herrerista fraction but not from the Blanco party. But later, in 1958, these fractions as well as the Independent National party came back to the "lema"<sup>5</sup> that had always been property of the Herrerista fraction.

b. Evolution of the Class Structure

The peace established at the beginning of the century was in the main interest of all social groups. The rural producers were interested in protecting their cattle. The rural workers had during those years more and better work opportunities due to the expansion of the sheep herds, the growth of the agricultural areas, and the increase in milk production. Cattle continued to be the main item of production and reached its peak during the first tow decades of the century. The improvements in the meat quality result in cold meat manufacturing and the export of cold meat (instead of salty meat had been the export item till then). But these improvements weren't spread on the entire rural areas and the primitive latifundia and minifundia continued to be serious obstacles for economic development.

The batllista policies had special impact on the social groups in

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<sup>5</sup> Lema is the right of a party to identify itself (by name, color, number, etc and to present candidates for the elections.



the urban areas. The rudimentary industry was protected through taxes in those areas where the local entrepreneurs asked that kind of protection from the state. The factory workers weren't very numerous, and the urban working sectors consisted mainly of state service and business employees. These sectors, the middle urban sector and factory workers, supported the batllista policies.

The main goal of the ruling elite at that time was to end the differences between the backward rural area and the modern city, and this idea was also the backbone of the batllista project. Two sectors of the upper class, namely the one related to the cattle production and the one related to the trade, continued to be dominant. But there were conflicts between them. The big landowners and the middle rural class were damaged by the trade sector which mediated between the producers and the European exporters obtaining big revenues. This happened especially in the case of wool production where the producers had debts with the traders and didn't know the prices of their product. Also the mediators (who bought the product, stocked and exported it) were a lot of times foreigners. The big landowners who were not victimized by these mediators were organized, but they were very few and the majority wasn't sympathetic to the association. Batlle tried to solve these conflicts by creating the national bank in order to make credits available to the producers.

The big land and cattle owner's opposition during the second Batlle's presidency was strong enough to stop his reforms. This was the reason why they were for the division inside the Colorado party and against the collegial executive which seemed to them the way to consolidate the progressive tendency in the government. This contributed to a coalition of the upper conservative class and the opposition groups of the batllista government, and it explained the limitations of the batllista reforms in a prosperous period. Nahum says, "The contest between the supporters of the collegial executive

and the opponents showed also the opposition between the low and middle classes that supported it and the upper or "conservative" class that was in a great number against it"<sup>6</sup>. The economic crisis in 1913 showed the limitations of batllista economic policies because they weren't able to change the traditional patterns and the economy became increasingly dependent on foreign capital.

The batllista policies were also opposed by the manufacturing and business entrepreneurs who sent Parliament a written project against the eight-hour-workday, they gave different arguments: the production became more expensive because the number of workers to make the same work increased, the export market was in danger because the products became more expensive, it wasn't possible to establish the same workday to all manufacture enterprise, etc. Moreover, all the sectors of the upper class, followers of the Blanco or Colorado Party, were afraid to loss their status in society. The discussion regarding the collegial executive were the straw that broke the camel's back.

Batlle didn't have a progressive policy to solve the land property structure and the reason wasn't only the strength of the rural elite but especially the fact that he did not want them all to turn to the opposition party. The social conflict between the rural pattern and the batllista proposal wasn't solved, the rural elites weren't strong enough to impose their pattern and there wasn't any group that proposed another possible change. The political elite didn't appear to be able to consolidate any proposal.

The economic crisis of 1930 produced changes in the ruling elites. The social forces supporting Terra's coup d'etat were the big cattle owners organized in the "Federacion Rural" and the financial elite -big exporters and

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<sup>6</sup>Nahum, B., La epoca Batllista. 1905-1929. (Montevideo, Banda Oriental Press, 1975), p. 87.

importers and the banking entrepreneurs. But this only lasted until 1942 because the policies didn't bring about any important changes in the conditions of the rural areas. Another factor which accounts for the short time in power of the authoritarian government was the changing role of the United States which had gained dominance in the world economy, this weakened the economic power of the dominant elites who had always depended on the English empire. The rural elite supporting the government didn't significantly change the conditions of the rural area, all they did was defend the interests of the rural-export sector and got the same attention as the industrialists one from the government. However, they couldn't change the interventionist character of the state that was the support of the new dominant elite and the growth of the working class.

This meant disappointment of the rural producers, and the end of the batllista reforms meant disappointment of the urban middle and lower sectors, those who stood the weight of the economic crisis. These disappointments were going to be expressed in the increasing importance of the interests associations.

The period between 1942 and 1958 is known as the "state of compromise". Its name refers to the compromises between the two political parties. The elite of these two parties became an influential group known as the political elite. The stability of the parliamentary institution and the political character of the boards of the public enterprises and the practices of "clientelism" contributed to the permanence of the members of this elite at the summits of the state apparatus.

The monopoly of the two parties over the political activity implied the existence of a political space of agreement among the sectors of the dominant class. It created limited demands and a performance gap, including

the popular sector demands as well. During this period a political power balance was noticeable between the elites of the different sectors of the dominant class, especially between the rural elite and the industrial and commercial elites. This balance was accomplished through the intervention of the State, by means of policies to protect the manufacturing industry as well as the import and export business. At the same time the State imposed new distribution policies to benefit the popular sector but without damaging the main interests of the rural elite. Meanwhile the industrial and commercial elites became active determinants in the policies implemented by the state. Although during this period the popular sector organizations, such as the workers and employees unions grew stronger and began effective attempts to become a central organization, the political parties took care that the antagonist interest of the popular sector didn't have much influence. The size of the urban middle sector and the fact that this sector was integrated in to the political elite structure as well as the "ideology" of the batllista model were other reasons for the suppression of the popular sector.

The industrialization process contributed to the permanent organization of workers in different enterprises and branches of industry. In the 1940s there were increasing efforts to unity the trade unions. In 1943 a law (Consejos de salarios) to fix the salaries by committees of workers, entrepreneurs and the state delegates was approved. This produced important changes as it was the first time that workers' participation was recognized. The workers had to fight to get their real delegates, to elect them, to secure their positions, to support them in demonstrations, to inform themselves about the conditions of the industry, and to discuss with the other delegates and to defend the

possible increases of salaries. Between 1947 and 1950 a series of efforts to limit the workers unions rights, to control them by state, to ban strikes in public services, to cancel agreements among workers, entrepreneurs and the state were undertaken. And even though the workers succeeded against these efforts the unification of the action remained difficult because of the divisions inside the popular movement. In 1951, there were still two central organizations and many trade unions outside them. Although this growing organization and the populist policies were simultaneous, the popular movement was autonomous from the traditional parties. Most of the workers voted in the elections for the traditional parties but they increasingly trusted their unions to support their demands by putting pressure on the government.

The dominant sectors (rural-manufacturing-financial) were well organized and among them, the rural elite was the best organized and the one that pressed most effectively for its demands. It was especially during the period of the state of compromise that an interest organization of the rural middle class grew up. This rural movement, "Liga Federal de Accion Ruralista"- with Benito Nardone as their leader- emerged from the differences in the modernization process between Montevideo and the rural areas. Even though at the beginning, those interests were channelled inside the Federacion Rural, later (1950) a split occurred because of the antagonism between the big landowners and the groups related to other sectors, and the middle rural class. "To get credits was essential for the rural middle class that needed technical and economic improvements. But the State had no control over the credits and it didn't influence on the orientation that the private banks gave to them. This was the start of a group opposing the cattle owners in the Federacion Rura

who were tightly related to the banks"<sup>7</sup>. The League was a mass movement and a first attempt -although unsuccessful- to break down the two party- system.

### c. Characteristics of the Political Evolution

The political party system has been characterized as a two-party system since the Independence and the end of the civil wars. Although there have been other parties since the beginning of the XX century, such as the Christian Democate Party-Union Civics, the Socialist Party and the Communist Party,<sup>8</sup> they weren't electorally important and the two big parties had the monopoly of all political activity. Other characteristics common to most political parties in Latin America, such as the multi-class structure, the lack of cohesion and homogeneity and the tendency to fractionalism were also present in these parties.

Studies on the political parties in Uruguay show that even though they had a multi-class structure, the main social support of the Blanco Party came from the rural upper class and generally from all rural sectors and that of the Colorado Party, from the middle urban sectors, the industrial and commercial entrepreneurs and the urban workers.

At the beginning of the century a reorganization of the parties occurred parallel to the consolidation of the state. Later, the Colorado Party protected the fusion of the different tendencies in order to stay in government and to accomplish the batllista model. On the other hand, the Blanco Party imposed the union through the authority of a leader in order to

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<sup>7</sup>Jacob, E., Benito Nardone, el ruralismo hacia el poder (Montevideo, Banda Oriental Press, 1980), p. 134.

<sup>8</sup>The Union Civica was founded in 1872; the socialist first integrated the trade unions, and united in a party in 1911. In 1922, a group divided from the Socialist party founded the Communist party.

become a real opposition and to get the majority. Both processes in the parties brought on the politics of agreements and pacts. That is why in the general opinion the parties represented such a coalition of groups that their being a party was only a name. The split between the fractions inside both parties had been removed mainly because of the electoral laws. But as it has been underlined, the "distances" inside the parties were usually bigger than the "distances" in the relations between the parties themselves. Although the consequence of this was a lack of homogeneity, there were always some fractions inside the parties that usually got the majority of the votes cast.

The state of compromise also implied multi-class structured parties, in such a way that the discourse of the Blanco and Colorado parties were both oriented to different social groups. "So if the traditional parties don't consider themselves the representative of one class, it's also true that the social classes don't consider themselves clearly represented by any one political party".<sup>9</sup>

The appearance of contradictions in the actions of the political parties due to the contradictory interests they represented, was the inevitable consequence. There were other phenomena to be underlined, e.g. although there was high citizen-participation in the elections, the social groups trusted their group associations to mediate between their interests and the decision-making process.

During this period, other relationships between the traditional parties and the social groups developed. The practice of clientelism and the increase of public employess to maintain the political "market" were also

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<sup>9</sup>Solari, A., Estudios sobre la sociedad Uruguaya, Vol. II, Partidos politicos y clases sociales en el Uruguay (Montevideo, Arca Press, 1965), p. 131.

usual in the next few years. Also, the organization of the parties in local committees made it easier to accomplish social functions which were not directly political, and help the citizens in different administrative procedures.

The Uruguayan case has always been underlined as a special one in Latin America because of the early protection of industrial activity, and the role of the State in the economy, redistributing wealth and increasing social welfare benefits. These characteristics, usually attributed to a populist rule, appeared in Uruguay during the government of Jose Batlle y Ordonez and the batllista fraction before 1929. Even though there isn't any good explanation for this phenomena some hypotheses refer to the weakness of the oligarchic rule, the importance of the migration from Europe (relative to the population of the country), and the Colorado Party control of the armed forces. The Colorado party representation in government until 1958, and its support by the industrialists were the reason why the populist policies continued.

It is also possible that the explanation of the weakness of the oligarchic rule and the early populism was the absence of a real threat for the primary-export sector by the industrialist policies of batllista government at least until the beginning of the 1950s.

The stability of the parties during these five decades may appear paradoxical when in the same period the social structure changed. The social evolution didn't mean the creation of a populist party that represented the demands of the groups directly related to industrialization. The political system was able to absorb those significant discontinuities without main changes. The populist rule was characterized by the support of one party, with the



constant coparticipation and cooperation between the two big parties. It was a fraction of the Colorado party that mainly achieved the populist policies, and later, especially a group -List 15 (Luis Batlle)- inside the batllista fraction. However, the alliances of different fractions of the Colorado Party were kept. If we consider the political tendencies, and not only the lists to the elections, this group wasn't always a majority inside the Colorado Party. This is why in spite of important differences between fractions as was the case of the "riverista" and batllista tendencies, the unity of the Colorado Party was kept. I think that the main characteristics of this period are: 1) the mediating role of the state in the conflicts among the dominant elites, 2) the mediating role of the state in the conflicts between the dominant class and the popular sector, 3) the autonomy of the popular movement; and 4) the important political weight of the interest associations and the fact that they became instrumental in modifying the two-party-system.

### III. Economic Conditions

#### a. The industrialization process: 1930-1954

Until the 1930s, economic development was achieved primarily by the exportation of leather, meat and wool products. Later, the manufacturing sector became the main dynamic sector. The country became more dependent on the international market and the demand for these primary products shaped the pattern of development. The utilization of natural resources and the exploitation of the labor force by the local entrepreneurs in the rural areas, as well as manufacture and trade provided for the capital accumulation. Rural

production was structured after the way the land was utilized and the enclosure of "estancias" as of 1870. Till the crisis of 1929, the first changes were introduced by meat manufacturing consisting of technical changes in the raising of cattle and quantitative changes in the amount of meat exported. During this period, the high prices of these products in the international market created a considerable surplus -the prices of wool increased 26.3% in the period 1905-12, compared to the preceding period; beef increased 23.5% by 1911 and 86% by 1914; leather increased 37% by 1912.

Foreign capital (that reached 176 million dollars in 1914) was invested in the infrastructure (railways, electricity), services, business and meat manufacture. The other main factor in the industrialization process during the first three decades of the century was the utilization of a part of the surplus generated in the primary-export production by the state. The state controlled important services such as energy resources, transportation, insurance, credits and education. This meant an early modernization and the distribution of welfare benefits to different sectors of the population. This process also created the conditions for a local market. In this way, the state created a basis for the later development of the manufacturing industry.

The ownership of the land in the rural area was far from being homogeneous. 50% of the landowners were minifundias and were mainly dedicated to agriculture. 50% of the land was the property of 20.000 landowners that constituted the rural middle class and the rest of the land in the form of latifundia (2.500 and more hectares) was the property of 1.400 persons. Contradictions existed among those groups, but the latifundis owners emerged as the peacemaker and weakened the middle class as a social group.

The country had already gone through a process of urban concentration and the urban sectors were the direct beneficiaries of the welfare policies of the state. Before 1930, the industry developed mainly as a handcraft activity and was oriented to non-durable consumer goods. In 1929, there were 5.128 industrial enterprises with 80.000 workers, and the majority of them produced for the domestic market. The labor force was drawn from the European migrations -out of 41.233 employees of manufacture and business activities, in Montevideo (1908), 14.770 were foreigners; and in the rural area, 5.742 out of 26.163 rural workers were foreigners- and the rural migrations.

The economic pattern in the rural areas was characterized by the concentration of land and the low demand of labor force which implied a low density of the rural population. That is why even in earlier times the percentage of the working population in the primary sector had been low compared to the working population in other sectors. These conditions favored migration to the urban areas.

With the crisis of 1930, the Uruguayan exports and as a consequence the import possibilities decreased. This created discontent among the rural class and the urban sectors but the state channelled these conflicts in support of an industrialization policy. The limit to the "outward expansion", allowed during the social pact between the State and the rural class, was established and the import substitution stage began. There was a change in the circulation of capital and part of the surplus generated was invested in the manufacturing sector. Some other investors in the manufacturing industry were the rural producers and the export import group. This easy phase of import substitution was similar to those in other countries in Latin America.

Until the Second World War, this phase was marked by the collapse of foreign trade and the protection of the local market by import controls, increase of tariffs and devaluation of the national currency. The credits of the state supported the industrial growth. Between 1935 and 1945, the credits to the cattle producers decreased 15 and to the manufacturing sector increased 7%. State policies favored the protection of the manufacturing industry and control of foreign trade and aids-in-credit were more noticeable after the Second World War. The state credits to the manufacturing industry increased 20% between 1945 and 1955; they decreased to 22% for the cattle producers in the same period.

Manufacturing activity was mainly oriented to the domestic market, and the production of consumer goods (the percentage of consumer goods was very high, it was 70.8% in 1936, and it was still 58.5 in 1970). The manufacturing industry was mainly concentrated in Montevideo-in 1936, 84.15%- later it began to expand very slowly to other regions - in 1955, 77.35%-, but the differences between the regions and Montevideo continued since the location of Montevideo was favorable to high profits.

The development of the manufacturing sector (it reached 18.3% of the GNP in 1963) had important effects on the structure of the economy. It submitted the country to the technological dependence of the center countries, as was the case in all Latin America. The State needed to increase the bureaucracy, that process wasn't only related to the manufacturing development but also to the alliances struck in the political system. So the public sector suffered an exaggerated growth, the number of public employees was 57.500 in 1938 and it was 168.532 in 1955. During this period the State didn't act

dynamically in infrastructure works neither didn't appropriate new economic activities, instead it provided new jobs and reorganized income distribution. Through these policies, the state consolidated a manufacturing sector of entrepreneurs and workers, and more or less ignored the primary-export sector so that the former continued to develop while the latter stagnated.

Before the Korean War two phenomena concurred: On the one hand, the low prices of export products in the international market, and, on the other hand, limited expansion opportunities (due to the domestic market and the high costs of the manufacturing) which restricted development. With the war and the resulting high export prices the primary sector profited more than the manufacturing industry which, in spite of the extra capital generated by this war, needed to invest in capital goods at a higher rate. These high importation costs for the manufacturer increased deficits in the balance of payments, foreign indebtedness and inflation. And when the profits were no longer attractive for the capitalists, they invested in business, speculation with foreign currencies and the financial market instead of the manufacturing industry.

The import-substitution stage became exhausted around the years 1955-56. It is generally accepted that the reasons of the exhaustion were the limited market and the need to adopt technological improvements at a very high cost. I think there were two other social reasons, the opposition of the rural sector to the industrialist policies and a State which was no longer dynamic but only provided employment. The import of intermediate and capital goods decreased 50% compared to the peak time of development. In 1963, the manufacturing sector was working at 50% of its capacity.

At the end of the period 1945-55 increasing symptoms of crisis began to emerge. The basic change was stagnation in production. In the primary sector this stagnation was already traditional, and to change this, technical improvements (grass quality, cattle quality) to increase productivity were needed. But the profits gained in the primary sector were not attractive enough for the cattle owners to make more investments. To this was added the stagnation in the manufacturing sector and the decrease in international demand. These were the manifestations of the economic crisis, and they showed up the dependent relation of the Uruguayan economy on the metropolitan center.

As an indicator of the dynamics of each sector and of the weight of the social groups related to each one, we can look at the composition of the GNP. The composition of the GNP shows that the manufacturing industry superseded the agro-livestock production in Uruguay later than in other countries. For example, in Canada this proportion was for the first time greater in 1920 (manufacturing 27.9% and agro-livestock 26.9%), in Argentina it was in 1945 (27.9% and 24.4% respectively), in Uruguay it was in 1950 when the import substitution phase was nearly finished (19.3% and 17.5% respectively). So in the case of both Uruguay and Argentina where this happened close to the exhaustion of the import substitution stage, the landed elite was very influential and the industrialist groups had been weak in imposing a new economic and political policy.

b. The economic crisis: 1954-1974.

The main characteristics of these years were stagnation in pro-

duction and inflation. This stagnation happened when capitalist no longer found attractive opportunities for investment. The lack of significant foreign investment as well as new public investments also indicated the absence of these opportunities. The dominance of thi cattle production had shaped the economy and its relationship to the international market; the import substitution phase didn't change this relationship.

The technological improvements necessary to make agriculture more profitable were set against the place Uruguay held in the international export market. Efforts were made to export different products such as wheat but they failed. During this period certain markets reduced their meat demand (such as the United States, Canada and Japan) and the existing markets demanded raw material instead of manufactured products. Although demands for wool was more stable, the same thing happened and reduction in manufacturing was required. As a reslut, the stimulus for the cattle producers diminished and so also the interest to invest, as there were no means to influence the prices of products on the international market.

The conditions of production in the manufacturing sector and the lack of important changes in foreign investment accounted for the economic stagnation, as well as the high demands for capital goods which did not reduce imports. The high costs of importing for the manufacturing industry increased the deficits in the balance of payments, foreign debts and inflation. At the end of the fifties, the deficit reached 200 million dollars, In the middle of the 1960s the foreign debt was more than 400 million dollars and, in the 70s it increased to one billion dollars. The transfers abroad of profits were around 300 million dollars between 1962 and 1967. Inside the country, the main characteristics of the economy was speculation in goods as well as m

In 1973-74 the investment rate decreased to 10.8%.

Different indicators such as number of banks, changes in the structure of the financial institutions, and the increase in dealing in foreign currency showed the dominance of the financial activities. During the inflationary process the private banks played an increasingly important role in the exchange market which was the center of speculative activity. The lack of control over the banks by the National bank made this activity easier. Their mediation between the rural-exporters and importer groups, the capital going abroad and the international market also influenced this position. Their main profits came from the interest rates. Between the 1950s and the crash in 1965, the banks increased their branches and activities.

The parallel processes were the concentration of deposits and investments in a few banks (in 1966 10% of the banks concentrated between 50 and 60% of the financial operations) and the increasing dependence on the foreign banks, through debts and the entry of monopolist foreign groups. The crash in 1965 required changes in the structure of institutions, so other kinds of institutions such as financial house (financieras) partially began to take the place of the banks. They weren't regulated in the same way as the banks so they could place deposits abroad easier. There was also a change in the credits of foreign currency given by the private banks, -they increased very quickly, from 10% by the end of the 1950s to 42% between 1968-

In 1960, the first "stand by" credits was signed with the IMF. It was the beginning of the "stabilization programme" based on the diagnosis that the control of excess demand, a strict monetary policy and the eliminati



of non-efficient sectors were the prerequisites for curbing inflation. But social conditions did not permit the strict application of those policies. In 1968 the stabilization programme was again imposed, it was aimed to stop the increase in salaries, to fix the prices of goods and services, to fix the value of the peso and to limit union activities. The stabilization programme had positive consequences (1968-70), such as to stop the explosive inflation, but it didn't mean a permanent solution and in the years 1971-73, the groups hit hardest by it (i.a. the wool producers and farmers) and the ones who benefitted most (export entrepreneurs and ganaderos)<sup>1</sup> pressed to increase their profits.

The Uruguayan economy became increasingly more dependent on the relations between the government and the IMF, the American and the European banks from which it was asking credits. The conflicts between the social classes and sectors sharpened: the ganaderos tried to keep their part of the surplus in foreign trade, the industrial entrepreneurs tried to fix the prices according to the changes of their input costs and salaries, and the workers tried to maintain their living standards. A stable equilibrium among the demands of the different sectors plus the challenge of the popular sectors appeared impossible to manage. As of 1971, the inflationary process began again, and the goals of the stabilization policies seemed difficult to reach.

### The Inflationary Process

The basis of inflation was the stagnation of production, but that was not a sufficient reason; the conflicts between the social groups contributed to intensify and widen the inflation. The policies didn't effectively stop the price-salary spiral, especially after the end of the 1950s. Inflation

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<sup>1</sup>Ganaderos are the cattle producers.

became a characteristics of the economy. From 1959 to 1974, the rate of annual growth of consumption prices in Montevideo was up 30% (except for 1961-1962 and 1969-70) with peaks in 1967 (136%) and 1974 (107.4%). The short-term economic policies concerning the fiscal, exchange, currency and income areas had reaccelerated the inflationary process.

The Uruguayan economy was largely dependent on the international market, the rates of exchange were deeply influenced by the foreign trade. The rate of exchange can be considered a passive factor but, in this case, it was not, since the cattle owners and meat entrepreneurs constantly had to fight for a realistic exchange rate. The rate of exchange was thus one of the main mechanisms of the inflation expansion. Inflation resulted in the devaluations of the national currency which, in turn, became a reason for the raising of all prices. The devaluations started in 1956. The decrease of prices on the international market diminished the cattle owners' surplus share causing the first frictions with the government. The change in the rates of exchange increased the costs of the imported goods, and the prices of the export products on the domestic market, which, in turn, influenced the prices of consumer goods.

Between 1959 and 1963, the rate of exchange was fixed but the foreign debt increased, and foreign credits became necessary. After the fiscal exchange rate policy, a free exchange was established. The Central Bank lost most of its reserves as it was not able to control the free exchange speculation with foreign currencies increased. During the middle of the 1960s the central role in the inflationary process was played by the private banks. Speculation became the central activity. Macadar says, "The rural and export groups stocked their products or used the black market; the importers bought an excess of goods foreseeing the coming devaluations and all the capitalist

groups speculated in buying foreign currency"<sup>2</sup>.

During the decade of the 1960s, the inflation increased. The stabilization programme in 1968 was imposed after fifteen months of chaos due to the deficit in the national budget, the growing foreign debt and the increasing inflation (1967, 136% inflation vs. 49% in 1966 and 66.3% in 1968). At the beginning of 1968 there were a series of scandals related to the devaluations. All the sectors of the entrepreneurial class supported the stabilization policies. The freeze on salaries was an important element that accounts for this support. The setting of the exchange rate, and the control of the government on prices were other important elements. These factors mainly explained the slow down of inflation during the following two years. The salaries were fixed under the price level, and could not be negotiated between workers and employers. But there wasn't a complete freeze on salaries, hence domestic demand didn't decrease significantly. The demand of meat and its price on the international market increased accelerating exports and the entry of foreign currency.

These exceptionally good years (1969-70) in the international market increased economic activity. But there weren't changes in the characteristics of economic development; the stagnation of production, the heavy state apparatus, the unemployment and the decrease in salaries, the lack of foreign investment and the lack of accumulation in the rural sector continued. These were the reasons for a new acceleration in the inflationary process starting with the 1970s. The speculation with foreign currencies, devaluations and the financial crisis began again. The migration abroad reached the peak between 1968 and 1974.

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<sup>2</sup>Macadar, L., Uruguay 1974-1980: Un nuevo ensayo de reajuste economico? (Montevideo: Banda Oriental Press, 1982), p. 22.

The crash of 1965 was the end of a period of speculation, but in the coming years the speculative pressure on the market continued. The positive years after the stabilization policies in 1968 had people thinking that the inflationary process was going to change again. One of the main goals they hoped to accomplish with these policies was to increase investment. There were no investments in the cattle production, the only change was the growth of the cattle in areas which were used as before for agriculture or sheep herds. The private meat manufacturers benefitted from the foreign trade and the closing of the state-controlled meat enterprise: publicly, however, they announced that they were running loss. In reality, part of their revenue stayed outside the country in foreign banks. The financial crisis was also manifested in the public sector where deficit spending/financing of the central government increased 40% between 1963-65 and 1972-74. Investments in the public sector proved impossible, and the tax revenues didn't cover the expenses either.

Astor says, "There are three aspects of the influence of inflation on the income distribution: the transfers of income, the way these transfers changed the income distribution, and the changes in the consumption of the different social groups"<sup>3</sup>. The main transfers of income were made from the workers to the local entrepreneurs there was an important decrease in workers' share in the national product and concentration in incomes. There was also a general decrease in the consumption capacity which was more acutely felt by the workers than any other group. Beginning in 1968, when the state regulated all workers' wages in a centralized way, the pur-

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<sup>3</sup> Astori, D., Tendencias recientes de la economía uruguaya, (Montevideo, Fundacion de Cultura Universitaria Press, 1981), p. 44.

chase power of the salaried before went systematically down (with the exception of 1971). The COPRIN was the organism founded to apply the stabilization policies, it substituted the "consejos de salarios" and fixed the salaries in all the sectors. The other phenomena that characterized the job market were: the increase in unemployment, an increase in working-hours considering the amount of people working in a family and the amount of jobs held person, and the migration abroad. The labor force showed an increase in self-employment, there was also employment of the family members without payment of salaries.

What were the effects of the stabilization programme efforts on the pattern of development? On the domestic market, it had negative effects since there was a constant decrease in salaries, in production, and in services sector; there was also an increasing concentration of income. There were no significant changes in the production structure. In the rural areas, the place of minifundia and latifundia remained unchanged. The middle rural class sold their property to the latifundia owners and became tenants. In the manufacturing sector no significant transformation took place.

The economic pattern that evolved in Uruguay during the first five decades was fundamentally one of commercial dependence. Since then, the character of the dependency changed toward financial dependence.

#### IV. Political Parties and Fractions, Social Classes, Interest Organizations and Parliament: 1958 to 1973

During this period important political and social changes took place. While the "state of compromise" broke down representative democracy continued in name only until the last national elections in 1971.

##### a) Political Evolution

Until 1958, the Blanco Party, as the opposition party had never being the ruling party in government. But from 1958 to 1962 and again from 1962 to 1966, it held the executive power and the majority in Parliament. The main division inside the party was between the "Herrerista" fraction and several groups that split from it on different occasions and united in 1956 to form the "Union Blanca Democratica" (UBD). The herrerista fraction held the majority in the government in 1958 and the UBD held it in 1962. In 1958, the herrerista fraction needed the support of an interest group "Liga Federal de Accion ruralists" in order to get in the government.

To the social groups which usually supported the herrerista fraction, such as the big rural landowners, the cattle owners and the urban merchant, the votes of another group were added. This group consisted of discontented peasants, farmers around Montevideo and small stockfarmers of the rural area. The League had tried to get into the government, and between 1951 and 1957 had published its differences with the Batllista fraction. Jacob says, "Even though the rural movement acted very effectively as an interest association without the influence of traditional parties,

it never became a political party"<sup>1</sup>. That meant, the alliance with Herrera was necessary to take part in the government.

As the League was able to organize itself in Montevideo during its unsuccessful campaign to reform the constitution, this group was important to the Herrerista fractions to increase its votes in the popular region of Montevideo and in the agricultural regions around the city. Because of this alliance, it became the strongest of the two fractions in the Blanco party. The common aspects between both groups were the opposition to the intervention of the state, the opposition to an increase of taxes, and the support to the rural development of the country. This alliance seems to have been one of the main reasons for the defeat of the Colorado party.

In government the collegial executive was represented by the herrerista-ruralista alliance, but in Parliament it didn't get a decisive majority. The difference between the parties became weak when we consider the representation of the fractions and the possibility of cross-alliances. Due to the weak majority of the herrerista-ruralista alliance within the Blanco party (25 and 34 deputies seats), as well as the resistance from the industrialist sector, the urban workers and certain groups related to the state apparatus, the alliance wasn't fully able to implement its program with regard to rural development.

Another reason for the defeat of the Colorado Party was the increasing division of groups in the period preceding the election. "The lack of homogeneity in the Colorado Party ... may be considered one of the reasons for its election defeat in 1958. At that time the struggles between

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<sup>1</sup>R. Jacob, Benito Nardone, el ruralismo hacia el poder, (Montevideo, Banda Oriental Press, 1981), p. 108.

fractions, had reached crisis proportions and paralysed the party, rendering it utterly incapable of producing any remedy for the economic crisis that gripped the country"<sup>2</sup>. There were several splits in the Independent Colorado group, the division between list 14 and 15 had already occurred and the increasing autonomy of Zelman Michelini's group divided the batllista fraction even more in 1962.

The main political difference between the two political parties was based on the liberalization policy supported by the Blanco party and the interventionist policy supported by the Colorado party. But, during the last years of Colorado government, state intervention was not based on a plan. This brought on contradictions among different policies, and the hyperbureaucratization of the state apparatus. When the Blanco party was in government, it did not substantially change the public sector, it established some instruments to simplify, as well as to eliminate the multiple exchange rates. Also it created planning organisms with better knowledge of the economic and social situation.

In the election of 1962, it was the UBD which, in alliance with groups coming from the Herrerista fraction, got the majority. At the same time, the herrerista-ruralista alliance had increased its votes, even though they were in the minority. Another phenomena was the decrease in votes for all groups within the Colorado party (except those of List 15). The new majority fraction opposed the austerity measures and the monetary reform envisioned by the government during the 1958-62 period. Its social support had come mainly from the urban business sector but the inflationary process

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<sup>2</sup>Graillet, op.cit., p. 482.



created wide discontent. The small difference of votes between the fractions and the parties, plus the economic and social conditions, as well as the new divisions of fractions made the accomplishment of long term policies difficult.

An important development in this period was the deaths of the famous leaders of both parties. Luis A. de Herrera died in 1959. His death created disputes about the leadership of the Blanco Party and of his fraction. Later, Luis Batlle, D. Fernandez Crespo and Benito Nardone died in 1964. The deaths of Batlle and Fernandez Crespo created divisions inside their parties. Nardone's death caused the near disappearance of the rural movement.

The small parties that had long histories as minority opposition parties didn't register growth. The catholic party that had grown in size under the influence of the European Christian parties was divided into two wings, conservative and progressive. The support over the Cuban revolution caused its division. The Socialist party also suffered different splits. The reluctance to unite with the Communist party and the growth of the Colorado party between 1958 and 1962 diminished its support during the elections of 1962. The Communist Party votes had decreased during the two last elections before 1962, but an important increase occurred in 1967 when the party united with several small progressive groups that had defected from the traditional parties. The leftiest parties had their main social support in the urban working class, especially in Montevideo, Nevertheless, support for small parties did not exceed 10% of the votes cast.

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b) Social Classes

The industrial growth and concentration during the import substitution phase had provided the demographic base (in 1936, there were 90.128 factory workers, in 1959, 279.521) for a strong union movement. The constantly growing work force and the fact that the factory workers did not participate in the conflicts of the previous period contributed towards a change in the character of the working-class organizations. The economic stagnation and its consequences, such as the increase in unemployment and the worsening of living standards strengthened the workers unions.

The urban workers were the main actors in the trade-union movement, since the characteristics of the rural workers made their organization difficult. Some efforts to organize were made in those rural places where a concentration of workers existed such as on rice and sugar plantations, but they weren't successful.<sup>3</sup>

In order to analyse the relationship between the political parties and the activation of the popular sector it is necessary to separate the traditional and leftist parties. Political parties tried to get the support of the popular sector by applying public policies intended to cater

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<sup>3</sup>The economically active population was characterized by a constant decrease in the primary sector the 1950s, decreasing from 28% in 1908 to 19.7% in 1963 and to 17.4% in 1975. The secondary sector showed an increase and later it stagnated (27% in 1908, 28.9% in 1963 and 28.6% in 1975) while the tertiary sector grew (45% in 1908, 51.4% in 1963 and 54% in 1975). Inside this sector, the public sector and especially the administrative, security and social services increased. These are the data appeared in the only national censurships of population made in the country.

to populist views. In 1946, an attempt was made by the batllista fraction to organize a trade union - Accion Gremial Batllista- but it was not successful. As H. Rodriguez says, "The experience of many years gained by the trade unions had taught them that one ideology or one party was not good enough to integrate the workers unions"<sup>4</sup>. The main weight of the leftist parties was in the trade unions movement. The Communist party made considerable efforts to control it but only with partial success, the trade unions had always been independent of the Party organization.

The main sectors of the dominant class had strong professional associations. Especially the rural elite was organized in the "Asociacion Rural" and the "Federacion Rural", and was closely related to the export sector (organized in the "Mercantile Chamber of National Products) and the private banks (Asociacion de Bancos). The industrial elite was much closer to the political elite but its organization was weaker because of its diverse interest in the subsector associations that composed the Chamber of Industry.

The economic power of the rural elite made the rural organizations influential. They knew better than anybody else the rural problems, and the government needed this knowledge on many occasions. They also had the best means of communication because of periodical shows of cattle, sales in the estancias and regional and national congresses. The industrial elite never had the economic power of the rural one, although its interests had been taken into account by state policies for a long time. The commercial elite, especially the sectors related to import-export and banks, organized their interests very early due to the importance of their relationship with the foreign markets.

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<sup>4</sup>H. Rodriguez, *Nuestros Sindicatos*, (Montevideo, Uruguay Press, 1965), p. 46. A central organization, "convencion Nacional Detrabajadores" (CNT) was founded in 1963.

Although the evolution of the economy was underwritten by the conflict between the cattle producing sector and the manufacturing sector, this had been solved by the state of compromise. Until the end of the 1960s, there was a balance due to compromises made between the elites of those sectors. We can say that the different governments managed to make decisions in such a way as to balance the conflicting interests. Until this period of economic growth, such compromises were possible especially since the interests of the popular sector had not been strongly articulated. However, the inflationary process hindered these compromises. The conflicts between the dominant elites increased, and the antagonism between them and the popular sector became evident.

In the rural sector, the big landowners were at the top of the social ladder. In 1956, there were 1.232 latifundia and by 1966, 1.300. There was clearly a high concentration of wealth. There was also a middle rural class, and the minifundia producers whose living standards were lower than those of the urban middle sectors. The industrial elite also increased its organizational and economic importance in the 1960s, but its economic power was far from that of the rural elite. The phase of import-substitution had opened possibilities for the small enterprises, but with increasing inflation they were hurt or eliminated by the formation of monopolies. At the same time, they were not helped by any protective state policies.

The political elite had lost much of its importance as arbiter of social conflicts, but the politicians had not lost their strategic places altogether even though the entrepreneurs began to participate on the state apparatus.

c) The Political Crisis

In 1966, the most conservative fraction in the Colorado party came to power and this fraction also held the executive power in 1971. The majority fraction opposed the batllista tendencies and was composed of the Independent Colorado group. Oscar Gestido was elected president and until his death (1967) tried unsuccessfully to change the economic orientation of the Blanco government which favored the rural elite and foreign investors and creditors.

A new reform bill was passed in the national election in which all citizens voted. This new Constitution introduced some important changes: a) the one man executive, and b) planning organizations. These changes were to be correctives for the political party system. They also put emphasis on the executive power. The executive could apply urgency laws (de urgente consideracion) and play a role in planning.

The Blanco party was badly divided in this election because of new splits in the two main fractions. They, as well as the fractions in the Colorado Party, were divided over the reform of the executive power: whether to have a one-man presidency or a collective executive.

After Gestido's death, Jorge Pacheco Areco (who has been elected vice-president) came to the presidency, facing acute problems because of economic stagnation and the rapid inflation. He implemented stabilization policies at all costs, together with repressive measures. These measures were applied during his governing period except for four months in 1969. According to the Constitution, the executive power could apply emergency powers (medidas prontas de seguridad) in situations of internal or external war or chaos. The emergency powers increased the executive power's control

over civil rights the press, and on associations. The reason given for the emergency power in 1968 was the frequent strikes in the public services, so these strikes were banned as well as trade-union meetings on salaries.

Pacheco's government from 1968 until the end of the period meant the implementation of an authoritarian regime, also called "el pachecato". Its characteristics were repression of the opposing social sectors, modernization of the security apparatus and control and censure of the mass media. Some aspects of the Uruguayan case such as the better distribution of income and the civilian tradition of the Uruguayan armed forces were restricting factors on the authoritarian regime of Pacheco.

Other characteristics of the authoritarian government need to be mentioned, such as the predominance of the executive power, its conflict with Parliament, and the way the Court of Justice was ignored by the President. Entrepreneurs and technocrats replaced politicians in the Cabinet and opposed politicians in Parliament. The opposition between technocrats and politicians showed up the weakness in the relationship between the representatives and the represented. And the mediation of political parties was replaced by interest associations.

If the 1960s was the period of conflicts among the elites, the decisions of 1968 aligned them behind the government. Three characteristics of this period have been repeatedly underlined: a) the close coalition of the elites -big landowners, bank entrepreneurs, big industrialists and export-import trade entrepreneurs-, b) their presence without mediation in the state apparatus, c) the increasing loss of prestige and authority of the political elite.

The inflationary process began again in 1971-72 and exacerbated the economic and political crises. A durable equilibrium among the different dominant sectors and the challenge of the popular sector appeared impossible to manage. Conflicts undermined the understanding between the government and the CNT, also the partial and general strikes as well as demonstrations increased. The challenge by the organized workers<sup>5</sup> reached a degree never seen before and the same can be said for the repression. The strikes and demonstrations by the opposition continued after the national election of 1971 up until the general strike of 1973 following the coup d'etat, when many working places were occupied for fifteen days.

In the election campaign of 1971 the Blanco Party presented two candidates representing the most conservative and progressive tendencies inside the party. The Colorado Party was also deeply divided between those who wanted Pacheco's second term and the groups that opposed such as List 15 with Jorge Batlle as its leader (Luis Batlle's son) and Vasconcellos and Flores Mora's groups. In order for Pacheco to continue as President an amendment of the Constitution was needed and in case this wasn't accepted, Pacheco's candidate would be Juan Maria Bordaberry.

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<sup>5</sup>In 1968, after the implementation of the emergency powers, a general strike took place each month from June till September; in 1969, the meat industry workers struck during three months, the press struck 22 days, bank employees struck for 70 days and there were two general strikes (one in June, one in August); in 1970, the Minister of Interior informed Parliament of 134 strikes, 95 short strikes and 80 occupations in private enterprises. In 1971, there were several strikes and occupations by the textile workers, a strike of the paper industry workers, a transportation strike, strikes of post office employees and the press and a general strike (April); in 1972, there were two general strikes (March and April), one general strike (in May, July, November), a transportation and railways strike and strikes by all the education institutes.



During the campaign the electorate appeared polarized. The Colorado Party and the Frente Amplio were the opponents. They were the political enemies; the Blanco party, especially the progressive fraction appeared in a center position. The result of the election showed a 0.8% difference between the Colorado and the Blanco parties. The majority inside the Colorado party was the same as in 1966 and Bordaberry was elected president. However, in the Blanco Party a new alliance of groups (with Ferreira Aldunate as leader) held the majority and the highest percentage of votes (26.4%) in the election. The Frente Amplio received twice as many votes as all the non traditional parties together had received in the two previous elections. Some aspects of the evolution of the vote between 1966 and 1971 are interesting to observe: the continuity in the distribution of votes between Gertido and Bordaberry; the overwhelming support for Ferreira Aldunate was a phenomena considering that he was a rather unknown leader in the Blanco party.

The main changes after the elections were the influence of the dominant elites, and the formation of a political opposition in the popular sector. It is important to note that for the first time there was a close relationship between an interest association, UNT, and a political party, the Frente Amplio. The intellectual elite also contributed to the process of opposition to the ruling elite.

The economic crisis threatened the capitalist parameters of the society. The above mentioned problems in the industrialization process appeared to be difficult to overcome without important structural changes. The demands of the dominant fractions did not adjust to the economic realities.

The earlier economic policies created a demand pattern that the economy could not meet. During the interventionist period the state did not orient local investments and did not support them adequately. Instead an unproportionally big tertiary sector continued to grow and become a heavy burden on the economy. The international capital on which the economy increasingly depended pressured for a shift to strict orthodox economic policies in order to control some aspects of the economic crisis. The short term fluctuations in the primary export product prices and demand only worsened the situation. There was no significant change in local investment nor in the role of the state to transform conditions in the production structure. In other words, the mechanisms to prevent the increasing gap between demands and performances failed.

As far as political factors were concerned, the threat of the increasing organization and mobilization of the popular sector that attempted to shift the political system to the left, put an end to the state of compromise. The political elite also had no longer means to balance the accumulative and distributive policies. The multi-class parties could not mitigate the social conflict since they could not control the mobilization of the organized workers.

The elections in 1971 were the last attempt before the coup d'etat to apply democratic rule. But this attempt failed as the dominant elites could not establish a stable political organization either through the political elite or through their members directly attached to the state apparatus.

The organization and the program of the party system was neither stable nor coherent enough to impose the interests of the new oligarchy.

Also, the evolution of the traditional parties in the past fifteen years failed to constitute a strong fraction to represent them. At the same time, neither Pacheco' government nor the one which succeeded him had strong and well articulated political or social support. At the moment of the coup d'etat, the need for order facing the increasing political organization of the popular sector with the resulting strikes and conflicts was perceived as a threat by the elites of the dominant class and they supported the military coup.

d) Military

Another element to be considered is the place of the military in the power structure. The "new professionalism" of the armed forces has not been studied in Uruguay as in other Latin American countries. The civilian tradition of the Uruguayan armed forces since the Batlle y Ordonez' government and the non existence of militarism, made the military intervention of 1973 unique in the history of the country. In the XXth century the military was close to the Colorado Party. Although they never pronounced themselves against the batllista governments, the officers supported other fractions of the Party.

After World War II, the treaty between the armed forces of the continent plus the United States gave new characteristics to the Uruguayan military, they had new arms and they organized themselves according to the United States military organization rules. This process of modernization also took place in the education of the military, the "Instituto Militar de

Estudios Superiores". The Army and Navy high-schools were founded. In the 1950s, the military started to train their officers in the American schools in Panama and by 1980, 920 officers graduated. By the end of the 1970s, an important increase in the number of the armed forces occurred, in the period 1950-68 there were 14140 military men, in 1968 it increased to 27.600, in 1979-80 to 31.700 (there never was and there still is no obligatory military service). The salaries of the military increased nearly equalling that of the other public officers.

During Pacheco's government the role of the military changed; gradually, they became in charge of the repression. First, the police force did this job but later the military barracks started to be used as prisons and the armed forces took charge of repressing the workers' strikes and demonstrations. In 1968, as a result of the guerrilla activities, a declaration defending the use of repressive activities was voted in a meeting at the Military Center (army officers club) but the majority of the officers present were against it. From then on, two tendencies could be distinguished, the one in favor of the defence of the institutions and no intervention in political matters and those who favored a new role for the armed forces. At the end of 1971, the President gave the military special powers to fight the guerrilla movement. In 1972, they controlled the guerilla unrest and the "Junta de Commandantes" directed the military action.

In the face of the increasing threat of the popular sector, and because of the need for order, the armed forces appeared the only possible partners of the dominant elites. But at the moment of the coup d'etat the military declared itself not to be attached to any particular group, they criticized the social as well as the political elites.

V. Political Struggles of the Parties, Elites, Fractions, and Violence  
1966-73

The characteristics of this period were instability and increasing conflicts in society. It is necessary to divide this period into two: Pacheco Areco's government (1968-71) and Bordaberry's government.

Pacheco Areco's government

It was during the rule of the Colorado government (1966-1971) that the main authoritarian policies were imposed. As has been mentioned before, this meant that the president had nearly all the power, controlling the legislative activity and its application by the court. The President could also issue repressive measures against any opposition group. Each time the President decided to act on his "emergency power" he proceeded to arrest union workers and student leaders, the union leaders were suspended or kicked out because of strikes in the services or because of their leaders' quality. This repression indiscriminately affected many individuals as well.

These emergency powers became the normal way to govern and they were used to decide on matters that had nothing to do with their original purpose. The executive power to intervened for example in the autonomous public services and kicked out their boards, froze court cases concerned with rent problems, postponed payment of loans, nationalized banks in cases of bankruptcy, considered civil employes as military personel and closed newspapers. These authoritarian policies created opposition inside the traditional parties. However, no opposition group was organized enough to present a programmatic alternative to that of the executive power.

The opposition between the executive power and Parliament became apparent in numerous instances. After his cabinet resigned in May 1968 over the Legislature's censorship of two ministers, Pacheco sought to widen his support by a new cabinet with a group of neutral politicians. At first there was little protest, but later on the opposition groups in the Blanco party (Por la Patria- Ferreira Aldunate) began to censor the new ministers too. The widespread feeling was that unity was needed to solve the national crisis but new conflicts constantly disturbed this hope for unity. The Blanco party was in the opposition but never appeared unified against the emergency powers, or the illegal authority that the President took on himself. They were mostly interested in maintaining the establishment. Herrera and Gallinal groups supported the government, whereas, Ferreira, Beltran, Haber and "Movimiento de Rocha" opposed it. In the Colorado party some groups inside the Batllista fraction (Vasconcellos, Flores Mora, Michelini and Roballo) were constantly in opposition to the President's decisions, whereas the majority group (List 15 -Jorge Batlle) gave selective support.

Between 1969 and 1971, the violent character of the government increased constantly. The emergency powers imposed authoritarian policies on the popular movement and its organizations there with trying to control it. Demonstrations of the workers unions were repressed and students were killed which had never happened in Uruguay. There were some long and difficult strikes like that of the bank employees and the meat workers. The last general strikes showed the consolidation of the workers unions' movement. However, due to the different tendencies inside the workers movement they could never agree on important issues and the actions of different sectors continued to be isolated. The main tendencies were supported

by the Communist party on the one side, and by the Socialist party, "Grupos de Accion Unificadora" (GAU), Resistencia Obrero-Estudiantil (ROE), on the other.

One result of the authoritarian policies was the strengthening of the opposition. One case was the union of leftist parties, and all the progressive groups opposing increasing social inequality and the dependency of the economy on the international markets. Another case was the growing strength of the guerrilla movement.

For the election of 1966, efforts were made to put the leftist groups together but this was to wait until 1970 with the Frente Amplio. It appeared as an alternative to the two-party system, its programmatic goals were geared to a democratic and nationalist solution: a return to democratic institutions, nationalization of private banks and foreign trade companies, an agrarian reform protecting the small and middle landowners and support for the economic independency of the country. During the final period of Pacheco's government, the groups from the Colorado and Blanco party that had joined the front began to coordinate an opposition to Pacheco. The front consisted of Michellini's and Roballo's groups from the Colorado party and Rodriguez Camusso's group from the Blanco party, as well as the Communist party, the Socialist party, the Christian Democrat Party, and movements such as "26 de marzo", GAU, trotskists, and people who didn't adhere to any party or group. It was organized in neighborhood and workers committee (Comites de base) and it spread in 1971 as no leftist organization had ever done before consisting of more than 500 committees in Montevideo and several more in the rest of the country. However, there were always disagreements about making it an electoral front or a permanent organization of the popular movement.

The guerrilla movement became known to the public in 1966, and from then on its actions increased. The movement was created by members of the Socialist party who were dissatisfied with the small impact of the left-wing parties on the elections, and later they came from all tendencies but most of them were young people. Its founding was also influenced by the experience of the Cuban revolution. It was mainly urban, and autonomous from political parties. Its main characteristics were good organization, violent actions without directly attacking the repressive forces and the non-existence of a focus as in other countries in Latin America. Its most popular actions were stealing papers from the Financiera Monty, from the Banco Frances-Italiano, and papers and gold from a very rich family. The kidnapping and later death of Dan Mitrione (a CIA agent), thereby breaking the respect that they had shown before for life. Kidnappings then became frequent. The guerrilla movement helped to discredit the Uruguayan establishment by exposing its corruption and inefficiencies.

#### Bordaberry's Government

The elections of 1971 were to be held in November. Until July 1971 the executive power applied emergency powers in order to control the mass media and to continue repression. In opposition there were mass demonstrations, and actions by the guerrilla movement. The propaganda during the election campaign showed antagonism between the traditional parties, especially the ruling fraction and the front. As the police force was not able to control the guerrillas the President gave more authority to the armed forces. Pacheco's fraction presented the election as a choice between "democracy and communism".



The popular sector had never before reached such a degree of activity taking into account the organization, capacity of mobilization and increasing opposition to the government. The guerrillas decided to support the election campaign and the voting by stopping their guerrilla warfare. Its programme was much more radical than the Frente Amplio's one, it implied the collective property of big rural lands and of big manufacturing and commerce enterprises and the expropriation of foreign enterprises. Ferreira Aldunate's programme was more like that of the Frente's concerning the nationalization of banks and agrarian reform. Ferreira's vote meant an important change inside the Blanco party where the conservative fraction had been majority but in this election had only received a third of the Party's votes. This Blanco fraction appeared more progressive than the batllista groups inside the Colorado party.

The Colorado party was weakened in this election by divisions and lack of popular leaders, and its representation in Parliament also showed this weakness. The difference of only 12.000 votes between the two big parties showed the need of compromise between the fractions of both parties to get a majority in Parliament. Due to the electoral laws, Bordaberry got the presidency. Bordaberry needed the support of the Blanco party in order to govern and the minority fraction supported it. For this reason, they received three seats in the Cabinet. Bordaberry continued the economic and social policies implemented by Pacheco's government, so the conflicts between the executive power and Parliament about the implementation of emergency powers also continued.

At the beginning of 1972, the guerrillas broke the truce made during the elections as they did not support Bordaberry, and in April there

was violence they began to kill members of the repressive forces.

At the same time, Bordaberry was trying to get support for a "State of War" declaration. Ferreira Aldunate had put as a condition, before giving his support to the government, that his main programmatic lines would be taken into account. But the new actions of the guerrilla movement changed Ferreira's position. In the state of war declaration Ferreira only supported the President in his fight of the guerrillas and in his efforts to protect democratic institutions. The increased guerrilla activity meant different repressive operations by the government against the guerrillas as well as attacks on the buildings and members of the Frente Amplio, and finally eight members of the Communist party were killed. Then the actions of the guerrilla movement changed into a real warfare attacking the armed forces. Again Ferreira's group voted in favor of a law to protect the security of the state -July 1972. All the fractions inside the Colorado party also voted in favor of them. This new law (suspension of human rights) gave exceptional powers to the executive power, the armed forces and the military courts. This whole period, after the elections, is marked by constant fights between the armed forces and the guerrilla. Nearly 1500 people were imprisoned. Torture to obtain information became frequent, and it became the central issue in Parliament where the members of the Blanco Party and Frente Amplio constantly denounced it.

The conflicts between Parliament and the armed forces increased concerning torture of prisoners. There were also conflicts between the President and the armed forces. Many military officers thought that they could manage public affairs much better than politicians. Opposing them some members of Parliament (Vasconcellos, Ferreira Aldunate) denounced plans by the military to intervene. Within a few months, the guerrilla

movement was destroyed. Only the Frente Amplio voted against the "State of War" and it began a campaign for peace and social changes (the motto was "bread and freedom").

### Preludes to the coup d'etat

The "Junta de Comandantes"<sup>1</sup> didn't accept the information given to the House of Representatives by a member of the Frente Amplio (Jaime Perez) about the murder of eight members from the Communist party. They said that the immunity in Parliament was used to discredit the armed forces and the police in front of public opinion. Also, the Military Center declared itself against a proposal of the House asking for punishment of military personnel using torture.

With the imprisonment and torture by the armed forces of some medical doctors, accused of helping the guerrilla movement, an important change took place in the relationship between the military and the government. Although the military judges had not found the doctors guilty they were not set free. The Minister of Defense also declared them not guilty and the doctors union made a twenty-four-hour strike, but the military kept them and met with the President demanding more control over the police and the public institutions and the authority to interview politicians accused of economic defaults. The Minister of Defense resigned and a campaign was begun against the financial disorders.

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<sup>1</sup>"Junta de Comandantes", composed of 28 officers, had slowly become the main decision-making organ inside the military.

After this, Vasconcellos (Senator of the batllista group) read in the General Assembly a secret document talking about the new role of the armed forces in the government. Jorge Batlle (leader of the batllista fraction) publicly denounced attacks by the military accusing him to give information before the devaluation in 1968. The military judges called him, and he was arrested and accused of "attacking the armed forces".

Ferreira Aldunate informed the Senate and the press about a secret navy document in which it appeared that orders had been given to violate the national sovereignty in the waters. The military judges called Ferreira and asked for his suspension of immunity. But this was not done and the Senator then called the Minister of Foreign Affairs to the Senate accusing him of violating sovereignty. In spite of this the Minister (J. Blanco) remained in office, as there was a mutual agreement between him and the military officers to support each other.

At the same time there were continuous strikes and demonstrations of the CNT and the Frente Amplio protesting the economic situation as well as the murder of the communists, the imprisonment of the doctors and the infringement of human rights. The conflicts during 1972 increased and deepened in 1973 until the coup d'etat in June.

During the increasingly authoritarian regimes some opposing fractions appeared to have a clear-cut position, as was the case with Pacheco-Bordaberry's group in the Colorado party, and Ferreira's fraction in the Blanco party. Others had a much more eclectic position, as was the case with the batllista groups. But all of them seemed to suffer from the lessened role of the political elite in the state apparatus, and from the discredit which their members suffered. The increasing conflicts among the

fractions could be seen as conflicts within the dominant elites and the impotence of any of them to exercise hegemony.

As we have seen during the 1960s, the internationalist rural elite, financial elite and the industrialists tried to consolidate their position as a ruling bloc. Their economic interests determined the economic pattern and deepened relations with foreign markets. This, however, did not mean political stability. A balanced solution in a democratic regime seemed difficult to reach during the conflicts in 1972. The contradictions between the dominant class and the popular sector appeared clearly. Part of the middle sectors supported the popular movement. The traditional parties did not clearly oppose the dominant class, their support was ambivalent.

By the end of 1971, the increasing participation of the armed forces in the government was a new element to be observed. This new role seemed to agree with the need for order, the need to implement the new orthodox policies, and the need to repress the threat of the popular sector. But the dominant class appeared to support the executive power and Parliament at one time, and the armed forces at another time. The majority in Parliament which voted for the "State of War", violated the Constitution in order to preserve the ruling elite and representative democracy. But the result was the increasing participation of the armed forces. The military questioned the immunity of Parliament; they considered themselves the judges of any declaration of decision concerning the armed forces; they decided on the support or the resignation of the ministers; they put conditions on the agreements with the President; they constantly tried to influence public opinion.

It is difficult to explain why the military coup did not happen before the national election, and why it happened, since after the national

election the situation had not changed much. The reason may be related to the perception of the threat of the popular sector. Before and after the breakdown of democracy, no new ruling coalition was formed, instead the hierarchy of the armed forces took over. However, some aspects of this integrated ruling coalition can be observed: the formation of an oligarchical group, and the increasing dominance of the financial elite.

One reason for the increasing dominance of the financial elite can be that Chile and Uruguay, as O'Donnell underlines it, were exceptional cases in the process of "deepening" industrialization. The process of industrialization in Uruguay, during the 1960s shows that there were no decisive import substitutions for capital and intermediate goods. These were also the years of crisis in the manufacturing sector, and although, later it became again a dynamic factor of the economy, it always remained inside the limits of the previously established capacity of production. This meant that there were no new emerging sectors with economic power in the manufacturing industry.

O'Donnell also says that "a turn towards a 'Re-agrarization' or 're-primarization' of their production structure"<sup>2</sup> may be seen. I agree that the 'deepening' was not accomplished, but it is not so evident that this implied a turn to the re-agrarization. In my opinion it is an additional distortion in the economic pattern by the unproportional growth of the financial sector. The financial sector had enjoyed a privileged position during the economic crisis. The later economic evolution would increase its importance.

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<sup>2</sup>G. O'Donnell, "Reflections on the patterns of change in the bureaucratic-authoritarian state", Latin America Research Review, Vol. XIII, No. 1 (1978), p. 3.

The continuous conflicts seemed based on the main contradiction between the rural and the financial elite. The competition between them was strong since 1970. Real de Azua tries to summarize the main disadvantages of the rural elite compared to the financial elite in the following way:

- 1) the need of credits; credits were mostly controlled by the financial elite;
- 2) the tax obligations; taxes for the rural elite were more clearly defined than in the case of financial capital;
- 3) the costs of exchange rates affected the rural elite;
- 4) foreign trade was not always favorable;
- 5) stagnating production;
- 6) access to exports through the mediation of wool exporters and meat manufacturing, both directly related to the banks and to the financial elite.<sup>3</sup>

The political elite had mostly disappeared from the decision-making process after Parliament was dissolved. All political activity of the parties was forbidden, and any activity by the main political leaders and known politicians was outlaw. But still as late as 1976, Prates is talking about the "hypotheses of a lack of an hegemonic sector on the decision-making level".<sup>4</sup>

Meanwhile the plans of intervention had been discussed in Parliament until June 1973 when, after transactions with the President, it was decided to dissolve Parliament. The coup d'etat was opposed by the organized workers who began a general strike—supported by the Frente Amplio, the groups "Porlla Patria" and "Movimiento de Rocha" in the Blanco party and the Batllista fraction in the Colorado party.

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<sup>3</sup>C. Real de Azua, Uruguay Hoy, p. 293, quo. 49.

<sup>4</sup>Prates, S., Políticas Públicas En el Uruguay (Montevideo: CIESU Press, 1980). p. 98.

Military Intervention: 1973

When we fix 1973 as the time of the military intervention in Uruguay, we are supposing that the degree of participation in political matters by the armed forces had underled one qualitative change. The dissolution of Parliament, the greater limitations on political activity and the exclusion of the popular movement meant significant changes in the regime. All this happened within several months (between June and December) in 1973.

Some characteristics of the new military interventions can be applied to the Uruguayan case: the politicians were excluded from the state apparatus and technicians were used instead; the government posts were filled with military men or civilians not clearly affiliated with political parties; the military did not promise new elections, but spoke of their intention to stay in government; and, finally, they tended to view civilian institutions and leadership as inherently incapable of dealing with question of development and public order.

Some people have explained the events of February 1973 and June 1973 as two coup d'etats oriented by different tendencies. We think this is a misinterpretation and both events should be explained as a unique process of seizure of the government resulting in a coup d'etat in June. The differences of orientation, which did not affect the intervention, at least in the short term, were manifestations of different tendencies inside the military.



In February, the first challenge by the armed forces took place. The conflicts which had appeared in 1972 began to accumulate by the beginning of 1973. Vasconcellos proposed to call the Minister of Defense (Malet) to the Senate denouncing the "subversive attitude" of the military commanders, and the Minister resigned. Then the President designated a new Minister of Defense (A. Francese) who was a Pacheco man, and who had held the Minister of Defense and the Minister of Interior positions. He was not accepted by the army and the air forces. They also accused the President of answering Vasconcellos too moderately and they denounced the Senator as the responsible person who manoeuvred politically against the armed forces. The Commanders resigned. They made a programmatic declaration known as the "Comunicados 4 y 7". They occupied the radio and television channels and announced their principles and conditions on which they would come to an agreement.

Their program was: to give incentive to the export industry and agriculture, to organize the foreign service, to eliminate foreign debt, to end unemployment, to attack corruption and economic defaults, to reorganize public administration, to distribute land, to develop new job resources, to eliminate all forms of subversion, to increase and redistribute the national income, to give credits to the main sectors and to middle producers, to control the inflation and overcome its structural causes. They would no longer support any economic and political interests far from the national interest. They declared that they did not accept the new Minister and asked the President for his resignation.

The situation was solved by an agreement between the President and the military commanders accepting all military conditions. After this

agreement (Boizo Lanza), there were changes in the cabinet and the Minister of Defense and the Minister of Interior resigned. The new Minister of Defense had to accept all the conditions in the Boizo Lanza Agreement. There were changes in the boards of the public services and it was decided to increase the struggle against the economic defaults and to develop a political-economic plan. The main change, however, was the creation of the COSENA -The National Security Council- composed by the chiefs of staff, some ministers (Economy, Defense, Interior and Foreign Affairs) and the President. The COSENA was the new government organ which had to make sure that all conditions would be accomplished and a new plan would be implemented. Their programmatic lines reminded some people the Peruvian coup d'etat, others thought it was a strategy to seize the state apparatus.

Later, the armed forces attacked the Parliament, the political parties and the political elite. These attacks ended when the President accused one member of Parliament (E. Erro, Frente Amplio) for having ties with the guerrilla movement. The Parliament didn't accept. There was no evidence that the Senator was guilty, but still batllista's group and Pacheco group voted to annul his immunity.

The majority in Parliament became increasingly weak, as other groups from the Blanco Party joined the opposition already integrated by Ferreira Aldunate's and Vasconcellos' groups and the Frente Amplio. Then the armed forces arrested the members of the Executive Council governing the city of Montevideo (which majority was from Pacheco's group) and the members of another local government (from Batlle's group) because of economic defaults. After this the batllista group left the government.

On the 26th of June, after many meetings between the President and the high commanders, they decided to dissolve the Parliament. The reasons given in the resolution and in Bordaberry's speech to the population were for the defense of public institutions and the nation.

After the dissolution of Parliament new class struggles took place. All the workers' unions integrated in the CNT began a general strike occupying the buildings. This meant an almost total stop of all activities in Montevideo, and to a high degree in the rest of the country. The CNT, the Frente Amplio and the Blanco party were the main participants during the strike. The CNT tried to come to an agreement with the government on several points: the free exercise of workers union rights and the freedom of communication, re-establishment of all human rights fixed in the Constitution, and economic reforms such as the nationalization of banks, foreign trade and meat manufacturing companies; measures to improve the purchase value of salaries and rents, and stop the increase of prices, and finally to eliminate the ultra-right groups in the education centers.

The Frente Amplio and the Blanco Party agreed on solutions to handle the coup d'etat which included the points of the CNT as well as some political solutions such as the President's dismissal, a provisional government and the election of a Constitutional Assembly. The armed forces and the President did not accept these conditions, and a war of "comunicados" began in order to end the strike. This censored information in the "comunicados" gave a misleading image of the situation. The armed forces decided to enter the occupied buildings. But when they left the buildings the workers occupied them again.

Finally, the government decided to dissolve the CNT. Repressive measures against the workers imprisonment and job dismissals were frequent.

The University also joined demonstrations. The GNT committee decided to end the strike. A big demonstration took place, and it was repressed, and the leader of the Frente Amplio (Liber Seregni) was arrested. These events marked the end of an opposition to the regime. After this, other decisions by the government were applied, the university students union (FEUU), and all the "associations of marxist international ideology" were declared illegal. This included the Socialist party, the Communist party, ROE, 26 de marzo, GAU, which meant all the different groups of the Frente Amplio with the exception of the Christian-Democrat party and Michelini and Roballo's groups. The members of these newly declared "illegal" associations were arrested, some were tried by military judges, and others kept in jail without judgement.

Parliament was substituted by a State Committee (Consejo de Estado) whose members were chosen by the President and had some legislative powers. The military intervention implied also changes in the constitutional laws: the executive power continued to be held by the president (and the President remained), but the COSENA got some of its powers; the legislative power suffered the worst changes; and the judicial powers were on to the military courts.

## VI. The Breakdown of Democracy

How can the breakdown of democracy as it happened in Uruguay at the end of the 1960s be explained? We will try to answer this question by taking into account the evolution of civil society, political institutions and the relationship between civil society and the state.

### Civil Society

Until the 1960s, a wide alliance of groups on which representative democracy was based existed. This wide social alliance was composed by all the sectors of the dominant class plus part of the middle urban sectors. Some of these groups, like the dominant manufacturing and commercial sectors and the middle urban sector, have generally had their demands met by the state. The rural dominant sector did not fare so well, but as the state never compromised their main interest, (the property of their land) they continued to be a part of the alliance.

In response to the growth in the economy, the demands of different groups were satisfied by the implementation of new social and economic policies. When, however, Uruguay's importance as a primary exports producer in the international market decreased, and, because local and foreign investment was not important enough to produce changes, a severe gap between demands and performance was created.

It was necessary to invest in the primary and manufacturing sectors to improve the technical requirements of rural production and to deepen or

to diversify manufacturing. As we have seen before, the need to invest in those two sectors met with different obstacles. As a result, the imbalance between the sectors, that is the surplus in the primary export sector and the need to support a growing import-substitution manufacturing industry, became bigger. This economic imbalance caused a contradiction that was and continue to be a constant source of social conflicts.

This economic development conditioned the class structure. After what we have observed in Uruguay in the 19th, and the beginning of the 20th. century, there wasn't a strong oligarchy nor a stable oligarchic rule. The "patriciado" (of which the original ruling elite was composed) was gradually weakened by new centers of power, like the progressive groups of the rural elite and the commercial elite. But until the middle of the 20th. century the rural elite's economic power was still the strongest.

However, in the 1940s and 1950s the industrialist elite posed a challenge to the rural elite, and, during the 1960s and 1970s, the financial elite increased its economic power and became the dominant partner in the power block. But the inflationary process didn't allow any of the dominant class sectors to be so hegemonic as to impose itself on the society. After this time of great contradictions, a new coalition was composed. This coalition which supported the authoritarian regime can be called a new oligarchy. It was composed of the upper groups of the different sector, while the middle urban sectors were excluded. During the years 1969-74, the technicians and the armed forces evolved from subordinate to determinant power in the coalition. 1973 is a valuable time mark, because the coup d'eta brought about an authoritarian regime, but the crisis of democracy had already begun some years before.

The popular sector had increased its organization and its numerical weight in society during the 1950s and the 1960s. The popular sector and the dominant class were for the first time seen as two adversary forces although they didn't have the same political influence.

### Political Organization

As described in the preceding sections, we could refer to the democratic political organization in Uruguay as a two party system which had the monopoly of all political activity. However, with the political evolution of these two parties, their weakness became more apparent. Fractionalism had always been a constant characteristic of the traditional parties but in the period preceding the authoritarian regime these fractions changed in character and looked more like independent opposition groups following their own leaders although in name they remained united. This change from fractions to near independent parties was mainly due to the absence of strong, legitimate party leaders and lack of political programs. The weakness of these political parties discredited them and their politicians to such a degree that the legitimacy of the political institutions was questioned. This brought on a paralysis of government, undermining democracy.

We think that it is also necessary to underline the change which occurred in the state apparatus. The legacy from the 19th century was a centralized power, and multiple groups following their local chiefs. Later these groups tried to unite in parties. At the beginning of the 20th century the reorganization of the parties occurred. The Blanco and Colorado parties

emerged as the two main parties; both were represented in Parliament. The dominant party held the majority in Parliament and was the one to come up with the Executive power. During the first half of the century, it was the Colorado party that was dominant in government.

The batllista idea of the collegial executive power was challenged by the opposition; the collective executive (1917) resulted from compromises between the two parties. However, in 1930 so many contradictions within the collective executive existed that the authoritarian government eliminated it. A new collective executive (Colegiado) from 1942 to 1958 was the effect of the co-participation of both political parties. This collective executive, consisting of nine men, as well as Parliament, were represented by the two parties.

Although the collective executive remained, political parties became increasingly weak. The solution seemed to be a return to a one-man executive. But this implied the beginning of the authoritarian regime, where the executive power and the Parliament became two opposing forces. The executive power came to represent the economic interest of the new oligarchy, the Parliament stood for other political groups. Constant conflicts between these two organs occurred until the coup d'etat.

#### Relationship Between Civil Society and the State

The wide alliance that supported the populist rule, found its demands met by the traditional parties. However, these multi-class parties weren't a strong enough political force to keep pushing for the populist policies. The increasing complexity of society generated more conflicts. The main



supporter for the populist policies was the batllista fraction. But it found constraints inside the Colorado party, and not enough social support in the elections. It was thus limited to govern together with the other fractions, and could not form a new popular party.

Another phenomena that should be considered was the growing weight of interest associations which were able to get sectorial demands accepted by putting pressures on various governments. The main interest organizations were the "Federacion Rural", the "Liga Federal de Accion Ruralista", and the central organization of the union movement (CNI). They were instrumental particularly for such groups as the cattle owners and the workers that didn't find an ear for their demands in the traditional parties.

Since the rural elite was represented by both parties, and due to the multi-class nature of these parties, the interest of the rural elite were not strongly pressed. Hence, although the rural elite had the greatest economic power, it didn't have a clear representation nor a strong influence in the government. The Liga supported the rural elite's interests but it represented at the same time the sometimes conflictual interests of the rural middle class.

The popular sector didn't have enough influence inside the governments. This was shown by the reduced participation of the leftist parties in the state apparatus and by the autonomy of the union movement from the traditional parties. This reduced influence also explains the apparent contradiction that the popular sector mostly supported the traditional parties in the elections. But after the elections its demands were channelled through the interest organizations.

De Riz's argument about the populist rule clarifies the relationship between the popular sector and the state. She talks about "the sui generis articulation between the political struggles and the social conflicts. The opposition on the political level didn't correspond with the conflicts which emerged on the production level"<sup>1</sup>. We think that De Riz's argument can also be applied to this apparent contradiction of the popular sector supporting the traditional parties during the elections but not finding enough support from these parties for their demands and interests when needed. At that time the popular sector would turn to the interest organizations who were able to defend their interests better. The growing union movement not only supported the working class interest in the "social conflicts" but gradually it supported it in the "political struggles" as well.

The new oligarchy had no political force or a strong political alliance representing its interest in the representative democratic institutions, it found a tool in the executive power to implement its interest. The technicians, instead of the politicians, became the mediators between the interest of the new oligarchy and the state apparatus.

#### Explanatory Remarks

While referring to O'Donnell, Collier argues that "these political transformations (to the BA state) derive from the social and political tensions produced by industrialization and by changes in social structure at both the elite and mass level"<sup>2</sup>. In the Uruguayan case, it is necessary

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<sup>1</sup>L. De Riz, "El fin del populismo en el Cono Sur", Nueva Sociedad, No. 47 (Marz, April 1980), p. 74.

<sup>2</sup>D. Collier, "Industrial modernization and political change". World Politics, XXX/4, (July 1978), p. 597.

to clarify some aspects concerning the causes of the social and political tensions. Although the completion of the consumer-goods phase of industrialization occurred and was continued by attempts to implement "orthodox" policies, the ruling coalition couldn't achieve the deepening of industrialization as mentioned by Collier.

Although authoritarian policies were imposed some years before the coup d'etat, the immediate pre-coup crisis was severe. To the ruling coalition, this crisis seemed to put the established order in danger. We think, however, that before the time of the authoritarian policies, there wasn't a clear perception by the ruling coalition of the threat the popular sector could pose.

If we accept, as O'Donnell does, that "The BA is to a large extent a reaction to extended political activation of the popular sector. This activation is perceived by other classes and sectors as a threat to their societies and to their international affiliations"<sup>3</sup>, we see that, in the case of Uruguay, the industrialization process and the populist policies had encouraged the formation of a strong union movement. However, the political representation of the popular sector wasn't strong. During the 1960s, the economic crisis caused the increasing activation of the popular sector, and the widespread and frequent strikes put the emergency powers into effect, there with directly opposing the union movement against the government. The guerrilla movement and, later, the alliance of the leftist organizations and progressive groups, were also signs of the high level that the activitaion had reached.

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<sup>3</sup>G. O'Donnell, "Reflections on the patterns of change in the bureaucratic-authoritarian state", Latin America Research Review, XIII (1978), p. 6.

If the political strength of the popular sector should be defined according to the existence of a balance between political forces (corresponding to the dominant class and the popular sector) or according to the possibility of an "imminent demise of society's socio-economic parameters"<sup>4</sup>, the popular activation in Uruguay didn't reach a high level. But if it is translated as "socialist movements attempting to shift the political system to the left, and as a different means of dealing with the economic crisis"<sup>5</sup>, we come closer to the character of this activation at the beginning of the 1970s. But these attempts failed before the coup d'etat. The characteristics of the traditional parties had weakened the popular sector's activation in the sense that they mitigated the social conflicts, and thus the development of a stronger popular movement was difficult.

That's why we think it necessary to introduce other political factors to understand why popular activation was perceived as a threat. During the years prior to the coup d'etat, the evolution of the traditional parties was determinant in the sense that their increasing weakness excluded the possibility of durable political compromises with the hard-liners. The effect of that weakness (that is the discredit of the parties, as mentioned before) resulted in the perception of the popular sector as a stronger threat than reality would prove it to be.

Only a complex argument linking the existence of an economic crisis (resulting from the completion of the import-substitution phase), an increasing activation of the popular sector, weak representation by the political parties to defend the interest of the dominant coalition, and an

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<sup>4</sup>G. O'Donnell, op.cit., p. 7.

<sup>5</sup>D. Collier, op.cit., p. 608.

exaggerated perception of the popular threat can explain the breakdown of democracy and the emergence of the authoritarian regime.

However, when looking at the above factors individually we can see the development of such drastic changes on the economic, social and political level that the rise of a reactionary regime could be the only result. a) The solution to the economic crisis was found in the orthodox policies. In order to control the main fluctuations of the economy (the rates of inflation and the exchange rates) and to provide incentives for investment, stability programs were put into effect. b) The activation of the popular sector became strong in the last few years before the coup d'etat. The only solution that seemed effective was the exclusion of its organizations, thereby breaking its autonomy from the state and the dominant class. c) As for the representation of the dominant coalition, the political parties became less and less mediators for its interests. The technicians inside the executive power accomplished this function in the best way possible due to the needs of the economic structure. The intervention of the armed forces was necessary to guarantee the requisites of social order. d) Although "the demise of the society's socioeconomic parameters" wasn't perceived as imminent, the increasing conflicts and the weakness of political representation reached such a degree that the ruling coalition reacted in a repressive way.

## VII. The Performance of the Military Governments 1974-1982

### a. Economic Performance

During the decades 1960 to 1980 no important deepening of the industrial production to include new intermediate goods and capital goods took place. Instead, the application of new financial methods and the opening of the financial sector to foreign markets was accomplished. When implementing the 1974 Development Plan, a series of orthodox economic policies were tried out in the hope that private investment (domestic and foreign) would be stimulated, inflation curbed, export growth (of traditional and new products) accelerated, market restrictions removed and the public sector dismantled in favor of private ownership. In Uruguay, these policies meant the stimulation of a financial activity that damaged production.

The military supported the orthodox economic policies applied by the Minister of Economy, but in the end these policies did not accomplished their set goals:

- a) Attraction of private investment. Foreign investment was stimulated by interest rates given by the private banks which were higher than those in the international market. Also accounts in foreign currencies were permitted. These investments, however, were not oriented to productive activity (the only exception being construction) but to speculation instead. The domestic capital, playing the main role in these policies, did not make enough of a profit to significantly increase investment significantly.
- b) The acceleration of export growth. This growth was oriented to the traditional export products and to some new ones. The traditional products,

such as meat and wool, were hurt because the state did not help the producers with market research, financial assistance, etc. The new products, some of which were agricultural and the other industrial products such as textile, were stimulated by state incentives until 1976, but after that, imported products took over the market.

c) The removal of market restrictions. These restrictions were meant to protect manufacturing, the new policies aimed to increase the entry of manufactured products. The consequence was the elimination of weak sectors in the domestic economy while the competent ones became stronger. The exchange rate damaged manufacturing and agriculture, decreased their incomes and made them more dependent on the international market.

d) The dismantling of the public sector. The intervention of the state did not cease to exist but its quality changed, now the state fixed salaries and exchange rates.

As these orthodox policies meant an opening of the economy to the outside, it is important to consider the weight of foreign investment in the manufacturing sector. The little data and its heterogeneity make it difficult for us to know much about its importance. Some estimations are possible, however, and they show an increase of capital mainly in 1976 (20%) and in 1977 (33%). The distribution of investment in the manufacturing industry shows that participation was low, and in the cases where it was higher (beverages 9% and leather 9.9%), concentration was in only a few enterprises but this was not enough to make up for the lack of investment in the industry as a whole. The main product -meat- since its crisis in the 1970s, was completely under control of national capital.

A new law regarding investments was approved to stimulate it making conditions favorable for transferring profits out of the country. But this opening of the economy also implied the annulment of market protection and a restructuring of the manufacturing sector.

The new policies after the coup d'etat directed the manufacturing sector (law of 1975) towards a world-wide export production. Because of the important changes that were introduced, this sector increased its activity, until 1980, and was a dynamic factor in the growth of the GNP. Part of the dynamism came from the construction of a dam, a bridge uniting Argentina and Uruguay, and roads, as well as growth in the private construction sector. In this context, the modern manufacture of capital goods reached the highest rate of growth (14.12%). At the beginning of the period, the policies helped implement ways to support the manufacturing industry -a minimum control on prices, a type of exchange by mini-devaluations to adjust to the inflationary process, credits for those who exported (they received in the first half of 1976, 63.2% of the taxes of the year), special arrangements for export to Argentina, Brasil, Chile, Paraguay and Bolivia. All of these proved to be important in activating the manufacturing sector.

In manufacturing it is necessary to differentiate between those enterprises oriented to the domestic market, those oriented to export, and those that accomplished both. The first suffered more from the actual recession and the competition by the imported products. The second type was affected by the type of exchange. The decreasing activity since 1976 in some sectors (and since 1980 in others) is the result of increasing unemployment (employment decreased 2.3% between December 1980 and June 1981) and this tendency continued into 1982. It is also necessary to take into



account the increasing debt to private and national banks which grew faster than production.

At the beginning of 1982, the Chamber of Industry described the situation of the manufacturing sector as follows: "There are many manufacturing enterprises that have stopped their production for foreign markets and a lot of them are exporting with a deficit. Other manufacturing enterprises suffer from a decrease in demand from the agricultural sector (chemical products, fertilizers, tools, wires, etc.). The recession in the construction sector is hurting a lot of manufacturing industries such as paint, wood, glass, etc. The new policies of the car industry have meant an important decrease in the activities of the subcontracting industries producing parts. The export to Argentina and countries where an internal competition with our products exists is difficult. The black market and the Uruguayan tourists that buy in foreign markets worsen the situation. The recession in the manufacturing sector resulted in the cut of extra-working hours, the increase of holidays, the reduction in shift-work and, finally, the decrease in the number of workers. The cost of debts to the banks is for many enterprises too high to pay back. The increasing number of private arrangements and agreements slows down the sales and so the entrepreneurs have more losses"<sup>1</sup>.

The new structure of the manufacturing sector was related to changes in foreign trade. The non-traditional exports increased from 38% in 1974 to more than 70% in 1979. Three quarters of the manufactured exports were concentrated in food, textile, leather goods, chemicals and

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<sup>1</sup>Departamento de Estudios Economicos de la Camara de industrias del Uruguay, "La Industria Enel Uruguay Sus Caracteristicas Bajicas 1935-80", Cronicas Economicas, 14-21/XII/1981.

non-metal minerals. The specialization of the enterprises more than the manufactured production had a non-traditional character because they continued to be related to the primary products or they had already developed during the import-substitution phase. Also, the export markets had changed, now most of the demand (70%) came from Argentina, Brasil, the United States, Germany and Holland. Other transformations can be observed in the foreign trade: imports increased quicker than exports, mainly because of the liberalization of the imported capital goods. This meant a constant and increasing deficit in the commercial balance, reaching in the years 1975-79 to 900 millions of dollars.

In 1973, an improvement in the economic situation due to an increase in the agrarian production and also in the primary export prices occurred. But there were problems with inflation, investments and salaries as well as stagnation in the production. The oil crisis interrupted this improved situation. The new crisis created conflicts between the President and the military and a new Minister of Economy, Vegh Villegas, was chosen to apply the orthodox policies. During 1974, Vegh decided on the following measures: the liberalization of the exchange market, new interest rates for loans and deposits, the control of private banks credits, the liberalization of prices and bank services. In spite of all this, the inflation, the commercial balance deficit and the fiscal deficit could not be controlled. The Minister proposed another series of measures in 1975: increase in salaries along with increases in public utility, and the agrarian and manufactured product prices. As a result of these measures the rate of inflation decreased by the end of 1975 but the deficits in the balance of payments and the budget continued.

In 1976, the Minister of Economy resigned at the same time that the President was dismissed. This can be explained by economic as well as political reasons. The new Minister of Economy (V. Arismendi) continued the same economic policies in 1977, alternating liberalization with some measures to direct the economy. Some measures especially damaged the meat producers (taxes, control on the prices, etc.). The GNP in the period ~~from~~ 1975 to 79 showed a yearly increase of more than 4%. The sectors that contributed to this growth were construction and manufacturing. The service sector also increased in 1978-79; the agrarian sector continued to stagnate.

One of the goals of the economic policies had been to eliminate inflation but this did not happen. In 1975 and 1979, the rates of inflation were very high with no indication of decrease. Although the changes did not modify the structural characteristics of the economy, ~~these characteristics are~~ not sufficient ~~to explain~~ the continuity of the inflationary process. ~~Some policies~~ implemented by the government helped to increase inflation, ~~for example the~~ increase in prices of public utilities, the liberalization of the ~~market~~ and the stimulation of some productive sectors.

The social costs of this economic pattern has been frequently underlined. It increasingly polarized the evolution of incomes in favor of capital. In 1979, the income of workers was 30% less than in 1971 and 5% less than in 1974; the capital income in 1979 was 17% higher than in 1971 and 21% higher than in 1974. It also affected unemployment. The tendency in the different sectors was the rural exodus out of the primary sector, the inadequate absorption by the manufacturing industry, and the overbalanced participation of the tertiary sector. This economic pattern resulted in

an increase of capitalization by pushing down the purchasing power of salaries.

The negative effects on the domestic market because of the decrease in salaries and inadequate changes in the productive structure have been underlined by Faroppa as follows: "The five characteristics of our economy are: 1) high economic concentration. 5% of the rural establishments -more than 1000 hectares- produce 60% of the entire sector. 2% of the manufacturing establishments -those with more than 100 workers- produce 66% of the entire sector. 3% of all business enterprises -those with more than 10 employess- accomplish 50% of the sales. 2) The predominance of the little and middle establishments is clear: in agriculture this is 95%, in the manufacturing industry 98% and in business 97%. 3) Consequently, the little and middle establishments employ most of the workers, 400.000 out of 600.000 of the economically active population in the private sector. 4) The weight of the service sector: 510.000 workers are employed in the production of goods, 590.000 in services. 5) The predominance of the private sector. 80% of the GNP is generated in private business, 99.5% in agriculture and 91% in the manufacturing sector".<sup>2</sup>

Other effects of the stabilization programme have been the increasing weight of the financial sector and the association of the financial entrepreneurs with foreign capital. This could be seen in the interrelations between the private banks and the foreign financial groups. The support of the state expenses had increasingly depended on consumer taxes and on workers wages.

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<sup>2</sup>L. Faroppa, "El Modelo no es viable", Opinar, 12/XI/1981, p. 8.

b. Political Performance

In order to study this period, we can divide it into three phases. Phase one: 1975-76, when the elected President was kept in executive power until his dismissal. Phase two: the years 1976-80, when the participation of the military in the state apparatus and the decision-making process was consolidated. Phase three: from 1980 until the present what the military has called a "transition phase".

Phase One

The ruling elite that supported the coup d'etat was the decisive agent during these years. These years were characterized by the increase in repression. The repressive actions mostly affected the workers unions. For example, organizations that posed some opposition were dissolved and many of their leaders and members were arrested (the dissolution of the CNT did not mean that the union members disappeared). A rule was also approved to "control the unions movement" which established control over union organizations and limited the right to strike. But this rule was never applied. Executive power excluded workers as well as delegates from the COPRIN. The Ministry of Work and a commission from the armed forces were in charge of solving employment conflicts. In this way, the government mediated the conflicting interests of workers and entrepreneurs at a moment when the increase of conflicts could not be avoided due to the decreasing purchasing

power of salaries, and the pressure put on the government by the entrepreneurs because of the critical economic situation, and the migration of trained workers.

Repressive attacks were also directed against the University. There is one public University in Uruguay. In the past, the University had been critical of the authoritarian policies of the government, and it explicitly opposed the State of War and the coup d'etat. Since 1958, the election of University administrators had not been controlled by the Executive. After the coup d'etat, rules were established to control the University elections, but the outcome of the elections did not change much the administration of the University. Opposition to the government remained dominant. After the explosion of a bomb in the Engineering Department, the government intervened. The University administrators were arrested, a press campaign was started in order to connect the University with the guerrilla movement, instructors were fired and others resigned. Finally, a new administration was appointed by the executive power.

Moreover, all public employees were obliged to sign a declaration supporting "the democratic institutions" (declaracion de fe democratica). This was to declare that they had not been members of any illegal organization, and that they supported the regime. This declaration found special opposition inside the University; professors and employees who refused to sign it were fired.

Repressive actions were constantly used against the leftist parties and movements, many of their members were arrested, civil rights were limited (for example, the right to travel outside the country). In 1975, a campaign was begun against the Communist party; its leaders and many of

its members were arrested. Repression was also exercised over the leaders of the traditional parties, on the Church, on members of the Democrat Christian Party, and arbitrarily on many people. Censorship of the press, and penalties for any opposition reached incredible degrees (for example to write on a wall in the street "Down with dictatorship" meant a six-year jail penalty). The cases of torture and disappearing prisoners increased. In April 1976, International Amnesty denounced the government for holding 6000 political prisoners or one prisoner for each 400 inhabitants. Between 1972 and 1976, 25 persons were reported to have died by torture.

Coordination and organization of state activities during this period was mainly done by the "conclaves", the periodic meetings of the military and civilians (President and Cabinet) to study the main social problems and to design policies to be applied. Civilians were replaced by military personnel in the boards of different institutions, regional governments, public enterprises and educational institutions. The armed forces appeared as a parallel structure in exercising state power, while a formal structure of civilian government was kept.

In the long period in which constitution was ignored and violated, state activities were regulated by administrative acts. This created important conflicts. One instance took place in 1976, at the end of Bordaberry's governing period, when new elections could have been held. The President was dismissed upon the publication of Bordaberry's memorandum about the position of the military regarding its institutional organization for the coming years. In this context, the two opposing and different doctrinal positions, one supported by Bordaberry and the other by the military and the staff of technocrats (represented by the Minister of Economy)

became clear. Bordaberry's two memoranda were published by the armed forces, the first one was presented by Bordaberry to the military Junta in December of 1975, the second one, as an answer to the Generals, was presented to the colonels and middle officers. The Junta decided to make them public.

In accepting his resignation the military said: 1) The President did not accept the traditional political parties, whereas the armed forces did not want the responsibility of their exclusion; 2) The President did not accept the expression of the public will by vote, whereas the armed forces think that sovereignty belongs to the Nation, and the right vote is a way to exercise it; 3) The President made the political parties responsible for the moral and material degradation of the nation; the armed forces, however, felt that the system should not be held responsible for the people's mistakes; 4) The President wanted a new constitution to be voted on immediately, while the armed forces thought it necessary a transition period.

The elections did not take place, and the president of the State Committee exercised the presidency until this organ chose a new one. At the same time, two known political leaders - Gutierrez Ruiz (president of the Parliament before the coup d'etat and one of the leaders of the Blanco party) and Zelmar Michelini - were murdered in Buenos Aires by "unknown persons".

The second memorandum by Bordaberry proposed to reach an agreement with the armed forces based on the following principles: a) The armed forces were the main support of the process of any democratic organization in the country. The political parties should become opinion poles acting as pressure groups instead of means to come to power, b) The armed forces should not be exercising power because the internal conflicts and conflicts



between civilians and the military could discredit them, c) Although it has different functions, state power cannot be divided.

#### Phase two

Since 1976, a series of "institutional acts" have organized the state apparatus, and the military have the veto power in all major decisions. A new organ, the National Council (Consejo de la Nacion) was created, composed of the members of the Consejo de Estado (25 members) and the Junta (20 members). They were charged with choosing the president, the members of the Consejo de Estado and the Court of Justice, etc. At the same time, the existence of the COSENA was recognized. These acts were to be applied until a new constitution was approved.

Limitations were set to the future activities of the political elite (for 15 years) and the most known politicians and party leaders were forbidden to participate in any elections. All those who had been candidates for the presidency, the vice-presidency and Parliament in 1966 and 1971, and the members of the boards of all political parties were affected by the above measures. In addition to this, the candidates of the illegal parties and movements who had participated in the elections of 1966 and 1971 were not allowed to even cast their vote in elections.

Once the conflict with Bordaberry was resolved, the military presented a new constitution (which included the institutional acts) to be voted on by the citizens in November 1980. The main changes in comparison to the Constitution of 1966 were the classification of different exceptional

states, the participation of the military, and limiting human rights as well as certain political parties. All of the political parties that "because of their ideology, principles or name, that seem to be related to foreign political parties, institutions, organizations or other states, and those that are composed by persons who before 1973 were members of social or political organizations which by means of violence or propaganda were against the nation" were forbidden.

The traditional political parties were not consulted for this new constitution, also they were highly restricted in the publication of their opinions. The mass media were encouraged to make propaganda for "the new constitution". Out of 86.8% of the votes cast, the majority of the citizens (57.2%) voted against the constitution. In eleven of the nineteen regions the majority vote was against the reform, especially in Montevideo the vote against was twice as big as the vote in favor.

The opposition to the government had made efforts to reorganize itself during those years. The traditional parties elected new leadership, and the Frente Amplio reorganized inside and outside the country.

### Phase three

The period following the voting of the constitution showed a loosening up especially in the press. Some weeklies had criticized the military performances before (La Semana de El Dia, Busqueda) but after the constitutional elections the criticism increased and new weeklies appeared (Opinar, La Democracia, Opcion, La Plaza, Cronicas Economicas, Correo del

Viernas, Presencia, etc.)<sup>5</sup>. During the campaign to vote for the reform some public meetings were held, something which was unthinkable few years before.

The groups inside the Blanco and Colorado parties opposing the intervention evaluated the results of the voting as an important popular expression in favor of democracy with a normal functioning of the political parties. They announced their participation in the discussions with the government about the steps to be taken to return to a democratic regime, but they opposed at the same time any integration in the state apparatus.

In July 1981, the government restarted talks with the political parties (excluding the Frente Amplio) about how to organize the transition phase. The main reason for this discussion was the end of a new government period (1976-81) and the need to choose a president. The new president was chosen by the Junta of Commanders and accepted by the National Council. For the first time the president was a military man (General Gregorio Alvarez). The transition phase, according to the military would be until 1984, when national elections would be held. In the meantime, a new organization law of the parties would be approved and a new Constitution prepared.

At the same time, the military annulled some proscriptions and allowed political meetings to be held once again. Since 1977, few proscriptions had been annulled and most of them had concerned politicians from groups collaborating with the government. In 1980, those annulments increased but did not include the leaders of the parties.

By the end of 1981, and during 1982, the military and the delegates of the political parties (Colorado and Blanco parties and Union Civica) agreed on a new organization law for the parties and the election of their

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<sup>5</sup>The weeklies are related to the different groups of the traditional parties. The main ones related to the batllista fraction are Opinar, and Correo de los Viernes; La Democracia is related to the Blanco party, and Opinion to the Democrat Christian party.

representative in November 1982. Until then the main obstacles to the transition phase had been the delays by the government to make decisions, the limitations on public rights and the constant censorship of the opposing weeklies.

c. Alliances.

Only some fractions inside the traditional political parties collaborated from the beginning with the armed forces in running the state (mainly by being in the State Council and in the Cabinet). They were some politicians from the Herrerista fraction and many members from the Pacheco's fraction. They continued to be in the government after Bordaberry's resignation, and they supported the actions of the military. They seemed even more strict than the military commanders when the transition phase began. They supported the new constitution, did not want elections to take place inside the parties for new leaders. They wanted to restrict the electors of these party leaders to the registered members of the parties in order to prevent the "infiltration" of Frente Amplio Voters. They tried to hinder the enactment of the organization law of the political parties. Although they disagreed with the challenging fractions, they did not propose a separation from the parties but instead they declared the need of unity inside them.

The other civilian group allied with the military were the technocrats. They were very influential in the decision-making process together with the military concerning economic policies. The technocrats took advantage of their connections with the international financial centers.

Some fractions of the dominant class have also provided changing support, such as the cattle owners, the export manufacturing entrepreneurs,

the import entrepreneurs and businessmen. Also, other groups related to the state apparatus supported the regime. For example, the employees of the repressive forces and of the public services.

To analyse the character of the new alliances, it is necessary to consider the evolution of the social conditions that constrained the implementation of the authoritarian regime. The effective disappearance of a real political opposition of the popular sector and reduced worker conflicts compromised the argument for order and authoritarian measures. Although there was always vague talk about international danger, it seemed a weak argument in the absence of events supporting this argument. In the short term, the economic success of this period compared with previous decades generated a partial support by the dominant fractions, but contradictions always reappeared. The military intervention did not introduce new distributive policies that could change the discontent of the popular sector.

Although the financial sector was dominant in the ruling coalition, it is difficult to say that it became hegemonic in society in such a way as to get a stable alliance between the dominant fractions and to gain the legal acquiescence of the popular sector. However, there was no other fraction in the dominant class able to present an hegemonic power able to solve the main structural distortions in the Uruguayan economy.

We think that the evolution of the social conditions as well as the emergence of conflicts (which we will develop in the next section) account for the beginning of a transition phase. O'Donnell says, "The degree of control on the transition process will be smaller or greater -especially its chances to impose the rules of the game- according to the way this process

begins. Namely do external causes start this process (as in the cases of Argentina and Greece) or does it begin through the initiative of the ruling coalition. The time of the transition will be longer if the control of the ruling coalition is greater, in order to advance gradually and to prevent 'jumps into nowhere'<sup>4</sup>. In the case of Uruguay, the ruling coalition took the initiative to propose a process of transition. It is difficult to know in detail which groups have supported the process of transition and to which degree, but we will attempt to analyze the main interests involved.

The main interests involved in the dominant alliance seem to have been the following ones. The armed forces were interested in keeping their dominance over the government during the transition process and a collaborative position in the future government. The political fractions wanted to keep their position in the government which could become uncertain in case of elections; and as far as the oligarchy was concerned, they wanted to diminish the possibilities of conflicts between the dominant fractions and to control the popular organizations. The foreign groups were mainly related to the financial sector, and associated with the ruling coalition. They wanted to preserve the political and economic status quo so as to limit new conflicts. In other words, the foreign groups could accept any type of government as long as conflicts among dominant groups could be avoided and the popular sector could be put under control.

Leaving aside the changing constraints placed on the regime by the performance of the national production system and its place in the international political economy., let us turn to another link between civil society and the state. This obliges us to consider the unity of the

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<sup>4</sup>G. O'Donnell, Notas para el estudio de procesos de democratización política a partir del estado burocrático-autoritario, Vol.2, No. 5, (Buenos Aires: CEDES Press, 1980), p. 8.

opposition groups. The political elite appeared in this period as an opposition group to the regime. "Por la Patria", "Movimento de Rocha" and the different batllista groups came out against the military intervention and in favor of a return to a civilian government. In November of 1980, when the government asked the citizens to vote on a new Constitution, these fractions voted against the establishment of the government acts approved since 1976. As of 1981, they have been the main opposition.

The alliance of these opposition groups was restricted to their common interest, namely to establish a democratic government, but they were not organized in one group, and the traditional divisions between the parties continued to be an important obstacle. The proposal of the ruling coalition accentuated this division. Although the first phase of the process (the internal elections) appears as an instance of affirmation of the political parties and of political democracy, these election preparations generated divisions among the parties.

Much more dangerous to the interest of the ruling coalition would be a united front. Then it would have much less control on the process, and a united front could ask for the inclusion of the organization of the popular sector. In April 1980, different people who were members of the Frente Amplio and the Blanco party (but not representing their groups) abroad coordinated their moves to oppose the authoritarian regime's proposals, and to establish political democracy.

O'Donnell talks about the formation of a "liberalization" coalition in the process of transition that could be integrated by the ~~soft~~ wing of the ruling coalition and the "moderate" opposition. With regard to the "soft-wing", we feel that it can be found in all the groups composing the ruling coalition, and that this does not necessarily mean that it is homogeneous.

This lack of homogeneity can be seen in the different instances when conflicts have emerged. For example, the organization law wasn't discussed in the COMASPO during some months because of the contacts between the Blanco party leaders and Ferreira Aldunate<sup>5</sup> (November 1981); the minority fractions in the Blanco party denounced the "infiltration" in the party (January 1982); the COMASPO called on the political parties to clarify the conditions of the transition and it announced the military discontent with the publications and political activities of the parties (April and August 1982). In the moderate opposition, a spread of different positions can be distinguished which we will study in more detail in the next section.

In the present, other opposition groups that are not necessarily related to the political elite have appeared. It is difficult to talk about an alliance when looking at most opposition groups because they are defending their sectorial interests through their interest associations and are in opposition to economic policies. But they have also called the authoritarian regime into question. This is the case with the cattle owners, the industrial entrepreneurs, the middle and small entrepreneurs that had been clearly damaged or not favored by the regime's policies. It is also important to point out the existence of an opposition group among the intellectuals (seen in the constant conflicts in the University and the criticism that appeared in the weeklies since the transition phase began), and in the religious elite (manifested in different kind of actions and documents). They denounced the authoritarian constitution proposed by the military as well as the conditions, limitations of the transition process, and the goals

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<sup>5</sup> Ferreira Aldunate became the main leader of the Blanco party, he is affected by the prohibitions to the political leaders and he is in exile.



of the proposed future organization. Some groups such as the Socialist party and the Christian Democrat Party presented their demands to the State Council in order to be considered as legal groups in the coming elections. The reduced social base of active support to the regime and the various interests opposing it show that we can characterize this opposition as a wide social alliance.

#### VIII. Dynamics of the Authoritarian Regime and Transition to Democracy

Shortly after the veto of the constitution, proposed by the authoritarian regime in late November 1980, the authoritarian regime in Uruguay entered a phase of liberalization. To study the character of this liberalization phase, it is necessary to observe the existing frictions that became a challenge to the authoritarian regime from 1974 to 1982. The way in which these frictions will be solved will determine the success or failure of democratization.

The character and strength of the popular sector's threat prior to the coup d'etat was the main reason why the hard-liners in the armed forces were dominant in the authoritarian regime. During the first years of this regime, the hard-liners were mostly responsible for the systematic repressions that occurred. These repressions eliminated the popular sector organizations and greatly limited all political activity, therewith guaranteeing order and economic stability. Only a small number of social groups actively supported the coup d'etat, but the population in general had hoped that with the coup order would be re-established. However, with

the implementation of the new economic policies, many social groups were relegated to a secondary position, and the middle and lower sectors experienced a long socio-economic deterioration. This created frictions, but they did not have immediate political effects. In Uruguay, these effects can be seen seven years after the coup d'etat.

In some cases the frictions have had an economic source. The implementation of the orthodox policies stimulated economic growth, in comparison to the preceding two decades. Later, economic recession in developed countries had negative effects on the Uruguayan economy. Starting in 1980 the export-manufacture sector was negatively affected because: a) export prices were under production costs, and b) to attract foreign capital the banks increased the interest rates which affected at the same time the high debts of the manufacturing sector. Much earlier, the manufacturing industry, oriented to the domestic market, had suffered the same fate. How their financial difficulties became worse with the new policies of fighting inflation and opening up the economy to imports.

The economic evolution also negatively affected the primary-export sector. It had already suffered from the international meat market crisis in 1974-75 but the free market policy of 1978 eased its economic difficulties. However, control over the meat trade was exercised through the exchange rate. This meant that the money the meat manufacture made, as well as the meat prices paid to the producers, were determined by the exchange rate. In 1979-80, the decrease in the meat demand and prices in the international market created new problems for the producers together with the continued increase of their costs. The credits needed to maintain the cattle and the sales losses increased the debts of the producers.

During the entire period of military rule, the cattle owners were reduced to bystanders in government matters, but they still had economic power and strong organization which caused constant frictions with the government. Compared to the periods previous to the coup d'etat, the position of their interest association (Federacion Rural) appeared much more as an opposition rather than as a pressure group on the government. A possible reason for this was that the ways to make pressure on decision-making centers had disappeared. The character of the Federacion Rural as an opposition group is even better seen in the regularly published articles paid for by the Federacion Rural in daily newspapers, in which they commented on economic decisions taken by the government, as well as in the declarations made by the Board of the Federacion Rural during their annual congress.

In 1975, the decisions of the government concerning cattle production and the control over trade caused frictions within the government and with the Federacion Rural which supported the big cattle owners interest. In 1977, the frictions restarted when the government tried to speed up the production and trade of cattle and met with the cattle producers' opposition. Between 1979 and 1981, the crisis in the cattle industry reached its peak when it proved to be impossible to reach an agreement with the government on finding solutions for the increasing financial debt and the unsold excess of cattle. The cattle producers underlined the growing debts and the lack of orientation in the sales as the main obstacles to make new investments and to increase production. The Ministry of Agriculture was no help to the producers since ministers changed ten times between 1973 and 1981.

During the annual meetings of the Federacion Rural, the economic difficulties of the cattle producers and possible solutions to their problems were discussed, at the same time, the Federacion Rural attacked the regime for its negative policies and in 1979 and 1980, the government reacted by restricting the moves of the Federacion Rural. At the end of 1981, the government changed course, by giving some subsidies, and by eliminating taxes, but this did not mean a real change in the difficult situation of the producers.

New problems and frictions among groups in cattle production, manufacture and trade also arose. For instance, the cattle producers, in order to get better profits, delayed selling cattle, but the meat manufacturer needed a quick turn over the cattle in order to satisfy the demand. In 1982 the problem was excess of cattle and low prices. This happened even though there was not a decrease in the demand on the international market. The main reason for this was the delay in the payment of exchange and the accumulated debts of the meat manufacturers.

Although some of these had been long-standing problems, the high degree which they reached was new. The disaster financial situation of the primary exports sector plus a similar situation in the manufacturing sector became a real challenge to the regime. At first, the industrial entrepreneurs, especially the exporting groups, had supported the economic policies that stimulated their production, but in 1981, they also began to put pressure on the government, protesting lack of profits, damaging exchange rates, and growing indebtedness. In 1979, the Chamber of Industry advised the government that if certain policies were not implemented

depression would be at its worst, while the textile entrepreneurs as a groups asked thirty three times for interview with different government organs (ministries, commissions, ESNACO, etc.) to discuss their problems. The only response of the government was that it could not accept such a pressure.

Until now, these challenges have not produced any important changes in economic policy. These frictions weakened the support for orthodox policies and the government, and discredited the authoritarian regime. The discontent created by the authoritarian regime made many social groups turn to the political parties, hoping that under democracy they would find better ways to get their demands satisfied.

As the union movement had been eliminated and the efforts of the state to create controlled trade unions had failed, it was difficult to resolve labor conflicts. This situation and the pressure of the international workers organizations (that accepted in their meetings representatives of the CNT) caused the creating of new, legally accepted trade unions. However, the laws approving these unions had many limiting clauses: the public sector workers and employees did not have the right to unionize, the right to strike was not mentioned nor was anything said about the immunity status of the union leaders; political or religious matters could not be discussed in the meetings, and the new union leaders could not be members of previous trade unions.

During the entire period after the coup d'etat, frictions inside the armed forces arose in relation to economic policies, the way to exercise power, and the political future of the country. Although it is difficult

to know the strength of these frictions, there were several signs of their existence. In the first years of the intervention, the frictions were focused on the economic policies and they were criticized for their high social cost. These frictions were solved by changes in the higher echelons of the armed forces hierarchy. Finally, a military law was introduced dismissing military officers who disagreed with the government by decree of the Junta. This resulted in the dismissal of a group of navy officers.

In 1976 and 1981, when a new president was to be elected, new troubles emerged when certain groups demanded free elections. In the military one group was against any kind of transition, while two groups (whose leaders were General Alvarez and General Zubia) were in favor of it. The group of Alvarez wanted controlled elections, and military participation in the government afterwards, while the group of Zubia also wanted elections to be controlled by the armed forces but afterwards the military was to return to the barracks. There were also incidents of officers being dismissed (including the Minister of Interior in 1981) because of corruption. All these frictions weakened the unity of the armed forces and the strength of the regime.

After the coup, the political and the military elites were always seen as the main adversaries. It is possible to observe this opposition already in the years preceding the coup d'etat, but at that time the military was one more group to discredit the political parties.

As we have seen before, the military and the political elites also disagreed on the way to handle the transition phase (from 1981 to 1984).

According to O'Donnell, one can always observe three different opposition groups when a proposal for a transition phase comes from the authoritarian regime itself. In the Uruguayan case, we can observe the same thing. First, we find an "opportunist opposition" composed by Pacheco's fraction in the Colorado party and some groups from the Herrerista fraction in Blanco party. This group accepted any proposal coming from the soft-wing of the military. Secondly, we see a "maximalist opposition" consisting in some leftist groups that did not accept any agreement with the ruling coalition. Thirdly, we see the "moderate opposition" that accepted some of the proposal from the regime for a transition phase.

This moderate opposition is composed of some groups that were recognized by the military as the opposition voice and some other groups which are not. The first one consists of the batllista fraction in the Colorado party and the "Por la Patria" and "Movimiento de Rocha" fraction plus a group from the Herrerista fraction, all belonging to the Blanco party; the second one is the Frente Amplio.

In 1980, after the reform bill was vetoed by the public, the moderate opposition proposed that members of their political parties together with representatives of the government should study a new reform bill to be voted on. The government ignored these suggestions and came up with three proposals to be executed during the transition phase: 1) a law to reorganize the political parties through internal elections, 2) a new reform bill, and 3) national elections by 1984. Although the recognized groups in the moderate opposition agreed on how to accomplish the internal elections, different positions were held inside the moderate opposition. The Blanco

party wanted all political leaders to be freed of the restrictions that the regime had put on them, and that all political parties be officially recognized before it would take part in the internal elections. This position was also supported by some groups in the batllista fraction. Other groups in the batllista fraction, however, were open to concessions. Their main interest was to assure the elections in 1984.

According to the existing guidelines, it looks as if the moderate opposition group is going to get the majority in the Blanco Party convention. There is no evidence as to what will happen inside the Colorado party during its convention, as the strongly divided sub-groups inside the party are competing among themselves for a presidential candidate in 1984. As the Frente Amplio wants its members to participate in the internal elections, but has not been able to come up with a party who might in some way represent it, the Frente Amplio has advised its members to cast a blank vote (voto en blanco) which means as much as agreeing on a new democratic government but not on any party. The strong support that this moderate opposition might get leads one to think that new democratic political arrangements may be achieved, although it is still a long way to democratic rule.

### Conclusions

The increasing activation of the popular sector and the weakness of the traditional parties, as well as the economic crisis plus the imbalance between the traditional sectors of the Uruguayan economy, had created a need for order and economic stability. Changes in political



organization and in economic policies were attempts to solve these problems. The changes in political institutions have meant institutional military rule, using a small group of civilians (technocrats), the predominance of the executive power in the decision-making process, and the systematic use of coercion. The social coalition supporting this regime was composed of the upper groups of the dominant sectors.

The economic changes emphasized the market mechanisms in order to create conditions for economic development. However, the orthodox economic policies were weakened by a number of qualifications, such as wage increases and the protection of some productive sectors by the state to make them competitive on the international market, and the control of exchange rates.

The authoritarian regime was not able to resolve the conflicts generated by the establishment of order and the economic stability. These frictions were not strong enough to interrupt the consolidation of the regime, but they increased the strength of the interest associations, promoting different patterns of political and economic organization. They also activated the political parties, which not only expressed their opinions on the transition phase, but also expressed their ideas on the political and economic future of Uruguay.

The authoritarian regime has generated enough frictions to disqualify itself from staying in power therewith opening the road to democracy. The question is now, whether a positive, united front can be formed to consolidate this new democracy without getting trapped in the old divisions which initially brought about the establishment of the authoritarian regime.

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