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RESEARCH ARTICLE

The discreet charm of the oligarchy: conceptualizing material power and opportunity hoarding

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Abstract

Stark wealth inequality is consequential for politics, yet the underlying mechanisms are still understudied. We join recent research urging a deeper analysis of how oligarchic interests and material power operate in highly unequal societies by expanding the business power literature to understand new sources of influence based on wealth. We engage in a concept-building exercise for the concept of business power and clarify the similarities and differences between material power and other sources of business power. We then discuss different mechanisms underlying material power and develop the mechanism of opportunity hoarding from the literature on social closure. Opportunity hoarding helps understand how oligarchic interests appropriate well-functioning state institutions for their benefit. We illustrate these mechanisms by analyzing the case of Guatemala, a country with tremendous wealth inequality and pervasive political instability. We highlight the usefulness of our proposed concept structure for analyzing diverse instances of business power and the concept of material power for understanding business influence in highly unequal societies.

Keywords: oligarchy; business power; material power; Latin America; Guatemala

"It is quite difficult to govern a country like ours without the acquiescence of businesses."[1]

Introduction

The study of business power has gained relevance in political science, the central concern being the understanding of how businesses influence politics. In the last two decades, the classical concepts of structural and instrumental power were revived and applied to diverse fields including social policy,[2] banking and financial regulation,[3] labor regulation,[4] and environmental regulation.[5] This expansion has delivered significant theoretical and empirical contributions, notably clarifying the channels through which different types of business power are wielded and how they relate. However, it has also revealed the limits of these two concepts and the need to include new types of business power and refine the existing conceptual apparatus. This has led scholars to propose new concepts like that of institutional power, to capture diverse aspects of business political influence.[6]

Following recent literature on growing inequality and the configuration of oligarchic interests in the US[7] as well as theories on oligarchy that underscore the possibility of using material power in

[1]Interview 2. For interview details, see the appendix.
[2]Hacker and Pierson (2002); Maillet and Bril-Mascarenhas (2019); Paster (2015).
[3]Braun (2020); Culpepper and Reinke (2014); Culpepper (2011).
[4]Bogliaccini (2019); Culpepper and Thelen (2020); Pérez Ahumada (2023).
[5]Falkner (2017); Fuchs and Lederer (2007); Madariaga et al. (2023).
[6]Busemeyer and Thelen (2020).
[7]e.g., Bartels (2008); Gilens (2012); Hacker and Pierson (2010); Winters and Page (2009).

democratic regimes,[8] we set to include the concept of material power into theories of business power. We contend that contexts of extreme inequality configure a qualitatively different political situation not adequately captured by existing concepts, e.g., as an extreme version of instrumental power, and therefore merit consideration in its terms. For example, it would be hard to conceive the Koch brothers' "billions of dollars in 'dark money' flowing throughout the American political system"[9] or Brazil's Odebrecht campaign finance contributions, lobbying, and legislative influence based on its "corruption scheme of unprecedented proportions",[10] as mere instances of instrumental power.

Consequently, we join recent efforts at enlarging the business power conceptual and analytical apparatus by recovering the concept of "material power" derived from theories on oligarchy,[11] offering cues to distinguish it from other forms of business power, conceptualizing its underlying mechanisms, and identifying "opportunity hoarding"[12] as one key mechanism through which it operates.

The main contribution of this manuscript is, therefore, conceptual. For that reason, we first systematically conceptualize types of business power that allow for higher analytical clarity when using these concepts and for proper incorporation of material power into the overall framework. To our knowledge, this exercise needs to be included in the literature. Hence, the goal of the manuscript is threefold. First, drawing from a family resemblance approach to concept building,[13] we propose a conceptualization of business power that allows for better mapping of the commonalities and uniqueness of different types of business power. Second, we recover the concept of "material power," integrating it into existing structural, instrumental, and institutional power definitions. In doing this, we also refine our understanding of these concepts, particularly that of instrumental power. Material power derives from extreme wealth inequality and disproportionately influences public affairs and institutions. It is based on the ownership of disparate amounts of material resources, usually only available in the hands of oligarchs.[14] Third, in mapping the sources of material power and the mechanisms that the literature identifies as acting as indicators of it (coercive capacities and buying defensive services), we develop "opportunity hoarding"[15] as a third novel mechanism through which material power operates.

To illustrate this concept-building effort, we analyze a concrete manifestation of material power and its mechanisms using the case of Guatemala, which serves as a "pathway case" to show the operation of material power in politics and the distinction of this type of power from others (mainly instrumental and institutional power). Pathway cases are crucial to elucidate mechanisms rather than confirm or disconfirm a general theory.[16] As Gerring suggests,[17] pathway cases have a uniquely penetrating insight into mechanisms because, having a hypothesis already established, analyzing these cases allows for isolating potentially confounding factors, such as those associated with the other forms of business power. The case provides for considering a novel mechanism for exerting business power, opportunity hoarding. We take our understanding of opportunity hoarding from the literature on social closure.[18] The analysis is based on a review of secondary literature, twenty-five interviews with Guatemalan policymakers, business leaders, and international donors, and a visit to two centers within the public skill formation institute INTECAP (Instituto Técnico de Capacitación y Productividad by its Spanish acronym) in Guatemala City.[19]

The analysis suggests that material power is relevant for understanding business power in Guatemala. We show how different mechanisms the literature identified for this type of power is

[8]Winters (2011); Foweraker (2021).
[9]Hertel-Fernandez (2019), 161.
[10]Cameron (2021), 784),
[11]Foweraker (2021); Winters (2011); Winters (2013); Winters and Page (2009).
[12]Tilly (1998).
[13]Goertz (2006); Mahoney and Goertz (2006).
[14]Winters and Page (2009); Winters (2011).
[15]Tilly (1998).
[16]Gerring (2007, 233).
[17]Ibid, 239.
[18]Tilly (1998); Hansen and Toft (2021).
[19]see the appendix.

present in analyzing business political action. Coercion was recognized as a prime mechanism for property defense during repeated political conflicts until the Peace Accords of 1996. The mechanism of buying defensive services in taxation is also identified during the democratic period. We also find evidence of our novel proposed mechanism of opportunity hoarding in skill formation.

Toward a multilevel conceptualization of business power

The study of business power has grown in recent decades hand in hand with the recovery made by Hacker and Pierson[20] of 1970s classics conceptualizing the two canonical forms of business influence in politics: instrumental and structural power. A lively literature emerged from this seminal contribution, applying these categories empirically and discussing their diverse conceptual dimensions. Two central debates have emerged since then: the one with which we opened this article, related to whether structural and instrumental power are enough to grasp the varying force and degree of business influence on politics in contemporary societies, and a second debate, conceptual and empirical, relating to how to define each type of business power, what are their empirical manifestations and how to study them. This article aims to incorporate a previously neglected type of power in this literature, material power, and identify a novel mechanism for this type of power, not previously considered by the literature: opportunity hoarding. To do this, we begin by advancing a conceptual framework that allows the proper incorporation of material power into the existing conceptualizations of business power.

Conceptualizing business power

We conceive business power as a multilevel and multidimensional concept.[21] Following Goertz,[22] we understand concepts as theories about the constitutive elements of a phenomenon. We, therefore, subject the concept of business power to an analysis of its core characteristics and their interrelationships. This multilevel and multidimensional concept structure allows for reviewing the rich literature on types of business power with two main purposes. First, to analytically separate the primary or basic level concept of business power, which is the most important level theoretically, from the secondary level dimensions of the concept – in this case, the different types of power that have emerged over time. We contend that the deepening of theories of business power in the last decades and the proliferation of concepts has occurred without careful consideration of concept building and, therefore, has led to overstretching the concept and conceptual overlaps. In this regard, we underline the important differences between material and instrumental power. We show how the sources of instrumental power shifted from initial works on the matter to more recent conceptualizations without a proper theoretical clarification, which led to conceptual confusion that we aim to clarify to reassert the importance of material power. The correct mapping and understanding of these secondary dimensions or types of business power and their interrelations is crucial for incorporating the concept of material power into the battery of analytical tools in this tradition but is also essential for the systematic incorporation of other potential types of business power. Adopting this concept-building framework allows for a more theoretically sound discussion on the types of business power as it unveils the structure of the basic level concept and offers clear parameters for the conceptual discussion of potential new types of power. Offering such parameters allows for the building of better and more valid concepts,

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[20]Hacker and Pierson (2002).

[21]An example of a well-known concept with the same structure as the one we are proposing is the concept of "competitive authoritarianism" (see Barrenechea and Castillo, 2019). The main advantage of this kind of concept is that its highly comprehensive character allows many cases to be classified as instances of the given concept. The disadvantage is that the extensive character of the concept enables cases in which we identify one indicator of, say, instrumental business power to belong to the concept as much as cases in which we recognize the five proposed indicators. This concept-building exercise allows for identifying instances of business power, which is different from measuring the degree of power a particular case can deploy. In other words, the conceptualization qualifies cases but does not quantify by itself the amount of power a case has.

[22]Goertz (2006, 5).

hich, in turn – as Goertz[23] proposes – improves the value of our theories.

Second, Goertz proposes distinguishing between the secondary level dimensions of a concept (types of business power in our case) and a tertiary level related to indicators or mechanisms that allow identifying the different dimensions of the core concept, i.e., types of business power. In other words, our concept structure assumes that business power may have multiple sources or dimensions that constitute different types of business power. In contrast, a given type of business power can have different indicators (or mechanisms) depending on the characteristics of the society, political-economic context, or the specific features of the local business community. These indicators or mechanisms are relevant for defining working hypotheses that can be verifiable in the empirical world; that is, they help connect the basic level concept and its secondary dimensions with empirical manifestations of it. In sum, the basic level concept (business power) and secondary dimensions (types of business power) need to be abstract enough to fit many situations, while the indicator level (mechanisms) is where the solid empirical foundation for the theoretical structure is built.[24]

In comparing societies (or units of analysis as defined by the researcher), businesses may be able to exert certain types of business power but not others. Therefore, the structure of the proposed concept is one of equifinality. It is sufficient to have the ability to exert a given type of power to have business power. Still, no type of power is necessary to define the basic-level concept (business power) by itself. Moreover, for conceptual-building purposes, it is important to distinguish the presence of a given type of business power from the degree or strength of that presence. We leave this endeavor for future research but discuss it in the following pages.

In turn, we detail our concept-building exercise, laying out the structure of the concept of business power and its main propositions at the basic level, the secondary dimensions or types of power, and the tertiary or indicator level, where we focus on the operational mechanisms through which the basic-level concepts manifest themselves. For each type of business power, we map the sources of such power and the mechanisms the literature identifies as indicators of them.

Figure 1 shows the first two levels of the concept: the basic level (core concept of business power) and the secondary level (dimensions or types of business power). The figure shows the power source for each type as conceptualized in the respective literature (secondary-level dimensions). Clearly defining the source of each type of business power allows for deciding on the fit of each proposed mechanism or indicator, which we engage with below in discussing how the literature has identified these mechanisms for the different types of business power and evaluating their validity.

We argue that the relationship between the two levels – first and secondary – is one of identity, which means that each dimension is constitutive of the concept. In other words, we take an ontological approach, illustrated by the double-dotted line connecting the basic and secondary levels in Figure 2. We also propose that the theoretical relationship between secondary-level types takes the form of substitutability, which means that the absence of one dimension (type of power) can be compensated by the presence of other dimensions.[25]

The third level, or indicator level, identifies cues that signal the presence of each power type. It is defined as a necessity-sufficiency structure in which each indicator is a sufficient but unnecessary factor for each form of power to be present. This structure is born out of a deep analysis of how each source of business power has been conceptualized in the literature and we take them directly from it. We base our classification of instruments or mechanisms for instrumental power on Mills,[26] Miliband[27] and Fairfield;[28] of structural

[23]Ibid, 268.
[24]Ibid, 64.
[25]see Busemeyer and Thelen (2020, 454).
[26]Mills (1956).
[27]Miliband (1969).
[28]Fairfield (2015).

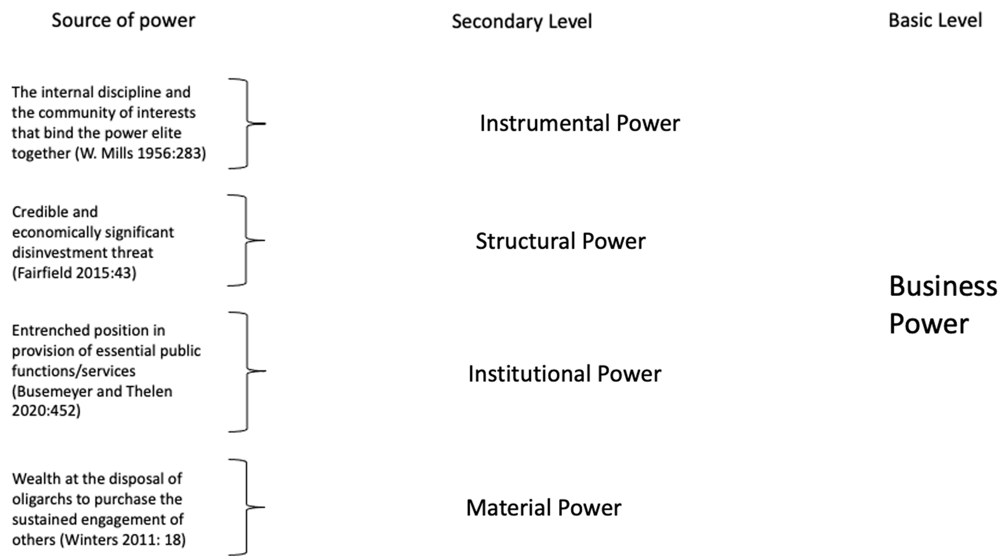

Figure 1. Types of Business Power.
Source: Own elaboration based on Wright Mills (1956), Winters (2011), Fairfield (2015) and Busemeyer and Thelen (2020).

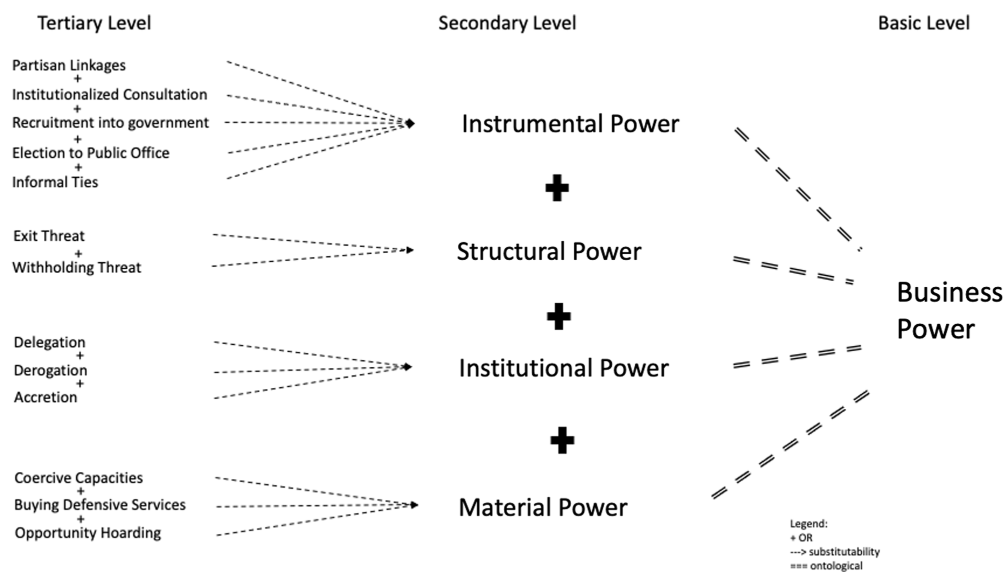

Figure 2. Latent Model of Business Power.
Source: Own elaboration based on Wright Mills (1956), Lindblom (1982), Winters (2011), Fairfield (2015) and Busemeyer and Thelen (2020).

power on Block,[29] Lindblom[30] and Fairfield;[31] of institutional power on Busemeyer and Thelen,[32] and of material power on Winters and Page,[33] Winters[34] and Foweraker.[35,36]

[29]Block (1977).
[30]Lindblom (1982).
[31]Fairfield (2015).
[32]Busemeyer and Thelen (2020).
[33]Winters and Page (2009).
[34]Winters (2011)
[35]Foweraker (2021).
[36]It is beyond the scope of this article to discuss whether other types of business power may exist. We believe, however, that by making the conceptualization and classification explicit, we aid those who may want to incorporate new types of business involvement in politics.

For structural power, we present two indicators operationalized by Fairfield that represent the extant consensus in the literature of structural power: exit threat and withholding threat[37] (Figure 2). For instrumental power, we list the indicators presented by Fairfield[38] that are consistent with the source of instrumental power presented in Figure 1. Building on Busemeyer and Thelen,[39] we list three indicators they identify as cues of the presence of institutional power. Finally, we list the two instruments that Winters[40] offered for material power. At this level, our contribution is to present and showcase a third novel indicator of material power: opportunity hoarding.

Based on the concept's family resemblance structure, the relationship between the indicator level and secondary level dimension is also one of substitutability (expressed with the dotted arrows in Figure 2). Each proposed indicator is an alternative to cue a given type of power. These alternative or multiple paths may activate in different circumstances or contexts or combine in different ways.

Material power as a type of business power: a secondary level issue

Discussions over the definition and manifestations of different types of business power have so far concentrated mostly on clarifying what exactly counts as structural power and how it is best researched.[41] In the previous section, we included the three main types of business power accepted in the literature in our conceptual framework. We also include material power. We briefly explain these three types of power -structural, instrumental, and institutional. In the next section, we embark on the argument for including material power as a type of business power.

Structural power depends on the position of private capital in capitalist societies and the importance of capital investment decisions for elected governments' economic performance and electoral success. The source of this power is business capacity for disinvestment and withholding threats,[42] which work through elected officials' perceptions of them as potentially detrimental to their agenda.[43]

Instrumental power, in turn, is based on the capacity of businesses to convey their policy preferences and affect the policy process in their favor. In its classical conceptualization,[44] instrumental power is based on the coincidence of interests, values, attitudes, and ways of life of the people in power positions. Its relational character stands out in the importance of socialization on these interests and values through class relationships and the key institutions of democratic capitalism such as interlocking directorates, revolving doors between private and public offices, executive or legislative consultation committees, and even elite education. These key institutions serve as channels of business influence in the case of instrumental power. In other words, instrumental power is relational and is manifested through diverse types of formal and informal ties that are reproduced through an interconnected set of power positions at the commanding heights of capitalist societies.

In a recent article, Busemeyer and Thelen argue that the literature's concentration on structural and instrumental power has led to "neglect[ing] the growing significance of other forms of business power".[45] Following this, they go on to define "institutional power." This sort of power emerges from the business's entrenched position in providing essential public functions or services.[46] As the authors state, this type of power does not depend on the business market position but on its relationship with the state in providing public functions or services.

In this article, we argue about the conceptual importance of considering material power as a source of business power. As Winters and Page[47] have recently complained, although the analysis of material

[37]Fairfield (2015, 43).
[38]Ibid.
[39]Busemeyer and Thelen (2020).
[40]Winters (2011).
[41]see Fairfield (2015); Paster (2015); Culpepper and Reinke (2014).
[42]Block (1977); Lindblom (1982).
[43]Fairfield (2015).
[44]Mills (1956); Miliband (1969); Domhoff (1967).
[45]Busemeyer and Thelen (2020, 453).
[46]Ibid, 454.
[47]Winters and Page (2009, 732).

power was prominent in classical political theory, the consolidation of instrumental power theories conflated the relevance of material power in the business power literature.[48]

We first introduce the concept as defined by the literature on oligarchic power and then analyze its main differences from the three other types of power mentioned above. Material power derives from extreme wealth inequality and disproportionately influences public affairs and institutions. It is based on the ownership of disparate amounts of material resources, usually only available in the hands of oligarchs.[49] This type of power is directed essentially at defending wealth.[50] As Winters[51] poses, extreme wealth allows individuals to mobilize resources on their behalf. Wealthy individuals can disproportionately alter political dynamics by giving outsized (often secret, extra-legal, or outright illegal) donations to political groups, monetary or in-kind, using their wealth to back political careers – including their own – funding think tanks, earmarking sizeable contributions to foster specific ideologies, or appropriating and actively using state resources and institutions for their private gain.

Since material wealth is easily transformed into money, this resource is privileged for deploying material power, although it is not exclusive of it. The difference is that material power is based on money from wealth accumulated in liquid or illiquid assets, not just from income streams, as do individual companies and business associations.[52] In weakly institutionalized political systems, oligarchs have a disproportionate say over public affairs; often, state decisions are tailored to their strategies of wealth defense. This is why state capture is a likely outcome of using material power; often, the two go hand in hand.[53] In institutionalized ones, these oligarchs dispute political influence with organized business, diverse interest groups, and political parties. However, as wealth disparities accentuate, even in more institutionalized democracies, oligarchs start encroaching on other sources of power.[54]

When oligarchs face important threats to their property claims, they engage in outright violent and coercive wealth defense. When oligarchs have surrendered violence and direct coercion in exchange for lawful means of defending their wealth – as in contemporary liberal democracies – the focus switches from defending property claims to defending property rights and, especially, defending future income from existing wealth. In Winters' words, the strategy switches "from avoiding confiscation to avoiding redistribution".[55] Defending wealth and its income becomes paramount to maintaining unequal structures in society.

Winters and Page argue that because of the concentrated nature of wealth and the small number of individuals pertaining to the oligarchy, they have "no need to cooperate or coordinate".[56] Others oppose the idea that oligarchs necessarily present a monolithic unity of purpose and interests.[57] We believe that organization can be used as a resource that enhances material power, for example, to keep potential challenger business cliques at bay.[58,59]

A key difference between structural and material power is that material power is used deliberately in political action and not through exit threats based on business position in the economy. In the same vein, we can point to three key differences between instrumental and material power. First, instrumental power is exerted primarily through (formal and informal) institutions. This is not

[48]Due to the importance of properly distinguishing between these two often conflated types of business power, instrumental and material, and given space constraints, we concentrate the discussion in distinguishing between these two, leaving the details of the other types identified in this the literature in the respective figures.

[49]Winters and Page (2009); Winters (2011).

[50]Winters (2011; 2013); Winters and Page (2009).

[51]Winters (2011).

[52]see Winters and Page (2009).

[53]Hellman, Jones and Kaufman (2003).

[54]see Hertel-Fernandez (2019); Hacker and Pierson (2010); Gilens (2012).

[55]Winters (2011, 25).

[56]Winters and Page (2009, 733).

[57]Cameron (2021, 786).

[58]Crabtree, Wolff and Durand (2023).

[59]Recent theories of instrumental power have identified organization as proper of this type of business power. This is the case based on a re-reading of the classical authors conceptualizing instrumental power. See the discussion below.

necessarily the case for material power, and when it is, it often debilitates such institutions. Wright Mills makes this distinction separating the Gilded Age in the US when "the very rich (. . .) used existing laws, they (. . .) circumvented and violated existing laws, and they (. . .) had laws created and enforced for their direct benefit"[60] and the New Deal period where these rich peoples merged with a new class of corporate managers and exerted influence mostly through institutionalized channels. Second and related to the above, the relationship between businesses and politicians is one of influence in instrumental power but is one of control in material power. Oligarchic businesses are directly invested in defending their wealth, while with instrumental power, managers (and not owners) are the key actors.[61] Finally, businesses using material power establish a different relationship with the state, often associated with semi-patrimonial states where using state resources for their benefit is the norm. Here, "familial and personal networks and loyalties sit within legal-rational administrative contexts, and (. . .) informal rules of patronage and clientelism coexist with the formal rules and roles within the bureaucracy".[62]

Material power holders often engage in direct control over institutionalized bodies and selective law enforcement,[63] creating constant quarrels with elected governments wanting to use state institutions to fulfill their representative mandates. This also distinguishes material power from institutional power, where business influence over state institutions is done with the acquiescence of the state. In fact, in the latter case, businesses enter a new policy arena either by the state legally delegating public responsibilities to private entities or by accretion, that is, expanding private opportunities that compete with – and eventually end up being more relevant than – public alternatives.[64] As a result, existing institutions are reinforced with the use of institutional power but undermined in the case of material power.

Consistency between mechanisms and power sources: a tertiary level issue

The differences between instrumental and material power should also be extended to the indicator (or mechanisms) level for conceptual clarity. We listed the main indicators or mechanisms for each type of power as identified by the literature in Figure 1 (above). In this section we concentrate on instrumental and material power to properly distinguish the operation of the two. Contemporary conceptualizations of instrumental power extended this concept to incorporate different "resources" like media access, technical expertise, cohesion, and money.[65] This has generated confusion about the exact grounds of instrumental power and its operation. Fairfield herself makes a distinction among relationships between businesses and policymakers at the core of instrumental power and the said resources, which "help [to] more effectively lobby or pursue their interests".[66] We believe that this is precisely the issue that conflates the distinction between material and instrumental power: while the relationships between businesses and politicians signal whether instrumental power is present or not, the use of different resources (cohesion, money, media access, technical expertise) affects the degree of business power but not the presence of it.

Several authors have questioned whether these resources are exclusively resources of instrumental power. For example, Culpepper and Reinke[67] argue that media access can be used to enhance structural power, while Cameron[68] and Cabtree, Durand and Wolff[69] think this can be used to boost oligarchic rule. In the case of cohesion, Crabtree, Durand, and Wolff[70] believe it can be used to enhance structural power. Two of the said business power resources, cohesion and money, are particularly important in distinguishing instrumental and material power.

[60]Wright Mills (1956, 99).
[61]Miliband (1969, 59); Mills (1956).
[62]Foweraker (2021, 36). See also Munck (2023).
[63]see Brinks et al. (2020).
[64]Busemeyer and Thelen (2020).
[65]see Fairfield (2015, 29)
[66]Ibid.
[67]Culpepper and Reinke (2014).
[68]Cameron (2021, 780).
[69]Crabtree, Wolff and Durand (2023).
[70]ibid.

Concerning the first, the key to understanding the importance of cohesion is the degree of homogeneity of the business class. As Hacker and Pierson recognized, while instrumental power authors understood that the business class did not necessarily have the same interests, they exaggerated their cohesion at the expense of minimizing intra-class differences.[71] This is why students of instrumental power incorporated organization, cohesion, and the corresponding capacity for collective action as key variables to understand the effectiveness of instrumental power.[72]

However, incorporating business organization as an indication of cohesion does not necessarily solve the problem. Mills, for example, saw cohesion not as coming from organization but as part of the very use of the institutions of the power elite. Contrariwise, he was skeptical of using business organizations for cohesion because he saw them as closer to sectoral interests. In Mills' words, "not the trade associations but the higher cliques of lawyers and investment bankers are the active political heads of the corporate rich and the members of the power elite".[73] This is particularly true in Latin America, where business cohesion is secured through kinship and friendship ties typical of the family type of capitalism prevalent in the region rather than through business organizations.[74]

Following this, we can say that although organization can bolster cohesion, cohesion can also be achieved through other means, and that organization can even be used for other purposes. Regarding business organization, Crabtree, Durand and Wolff argue that "size matters, as well as the social origins of entrepreneurs".[75] In other words, in contexts of high inequality such as the ones we are analyzing, the control of business associations is not necessarily associated with reducing differences among businesses with otherwise diverse sectoral preferences. Still, it can maintain existing cleavages inside the business community, notably between oligarchic interests – usually of colonial/European descent – and new domestic or mestizo business classes challenging their power.[76] This is particularly true in economies where diversified business groups are the norm, and therefore, sectoral differences are less relevant to defining business interests and strategies.[77]

A similar argument can be made concerning money. Money has been conceptualized as a key part of instrumental power, particularly when funding political campaigns.[78] However, money has also been studied as part of material power: buying votes in Congress and bribing authorities.[79] A closer look at how money is treated in the canonical texts on instrumental power clarifies this debate. Mills, Miliband and Domhoff emphasize that the key to understanding the role of money in campaign finances, that is, the instrumental use of money, is the ability to boost the electoral prospects of candidates whose interests and values coincide with those of the power elite. In the words of Domhoff,[80] "Although a certain minimum [of campaign finances] is obviously necessary, especially for new candidates, money alone is not enough to win an election. What makes money the key to understanding party control is the problem of gaining the nomination for a major political office in the first place". As is evident, this is different from the use of money for buying defensive services, buying the acquiescence of public officials or, to quote Marcelo Odebrecht, the head of the business group behind the notorious Odebrecht bribery scandal, establishing a type of debt with public officials that could be repaid in terms of influence.[81] The bottom line is that, just as cohesion, money is a resource that can enhance different types of business power and, therefore, affects the degree of power. However, that is not a constitutive element of any of them.

[71]Hacker and Pierson (2002, 280).

[72]Hacker and Pierson (2002); Martin and Swank (2012); Fairfield (2015).

[73]Mills (1956, 291).

[74]Crabtree, Wolff and Durand (2023, 24); Schneider (2013); Bull (2013).

[75]Crabtree, Wolff and Durand (2023, 23).

[76]Ibid.

[77]Schneider (2013); Bull (2013). Bull (2013) discusses the case of El Salvador, where diversification into new sectors has been a key strategy for dominant businesses with oligarchic roots to maintain economic power and political influence in the country.

[78]Hacker and Pierson (2002); Fairfield (2015).

[79]Cameron (2021); Hertel-Fernandez (2019).

[80]Domhoff (1967, 85).

[81]Crabtree, Wolff and Durand (2023, 21).

Opportunity Hoarding as a mechanism of material power

Oligarchic theory identifies two indicators of material power leading to different patterns of business involvement in politics: using their coercive capacity or buying legal wealth defense services (usually by skilled professionals). We propose a third indicator, opportunity hoarding, connecting this type of power with its consequences regarding state capture (more on this below). This concept is derived from Weberian notions of social closure and the monopolization of advantages among those who benefit from closed groups. Educational credentials and private property are the most significant closure devices identified by the literature.[82] In this vein, Tilly proposed that durable inequalities rest on mechanisms guaranteeing "categorically unequal access to valued outcomes," allowing privileged groups to "secure rewards from sequestered resources".[83] As Tilly defines, opportunity hoarding "operates when members of a categorically bounded network acquire access to a resource that is valuable, renewable, subject to monopoly, supportive of network activities, and enhanced by the network modus operandi".[84]

Opportunity hoarding allows, thus, grasping the process by which businesses use state institutions in their favor. Unlike state or institutional capture, opportunity hoarding focuses on the process rather than the outcome. In fact, following Crabtree, Durand and Wolff,[85] we propose that institutional capture is a potential result of the application of business power – material power in this case – a measure of how effective the mobilization of business power can be, but not the source nor the indicator of that power.

The next section analyzes the use of material power in Guatemala. We illustrate the utilization of the three proposed material power indicators: coercion, buying defensive services and opportunity hoarding. We visit examples from Guatemalan history to illustrate the use of coercion and the deployment of defensive services. Then, we analyze opportunity hoarding as a mechanism of material power in the context of contemporary skills formation.

Material power and opportunity hoarding in Guatemala

As of 2022, Guatemala had 17.3 million inhabitants with a GDP per capita of US$9,162.[86] However, 245 Guatemalans possessed an accumulated wealth of US$30 billion.[87] If we assume – in a conservative guess – that wealth has remained constant among these 245 people, we can calculate the average net worth of the 40 richest Guatemalans in excess of the country's GDP per capita – that is, the gap in material resources separating oligarchs from ordinary citizens, or what Winters calls "Material Power Index" (MPI). Guatemala's MPI is 657,000. For comparative purposes, Winters[88] finds that the MPI in Indonesia is 632,000 – a country classified by the author as having one of the largest gaps in material power – and that of the Philippines is 408,000, while that of Thailand is 221,000.[89]

In Guatemala, these individuals are commonly referred to as belonging to the "familias". Historical and sociological scholarship explicitly refer to these familias as oligarchs[90] and the issue of material power continuously emerges when discussing business-state relations, particularly when analyzing

[82]Murphy (1988), Hansen and Toft (2021). The tradition of social closure dates from Weber (1978) and his study of social groups, hierarchies and power.

[83]Tilly (1998, 16).

[84]Tilly (1998, 11). Although Tilly (1998) highlights that non-elite members mostly use opportunity hoarding, he clarifies that elites can also hoard opportunities. Although wealth inequality is formally a continuum, extreme wealth inequality and intersectionality in less advanced societies tend to produce a situation in which being wealthy comes close to a categorical inequality.

[85]Crabtree, Wolff and Durand (2023, 29).

[86]PPP constant US$ (2017). Data from the World Bank's WDI database.

[87]Wealth-X (2013).

[88]Winters (2013).

[89]We calculated Guatemala's MPI using data from Wealth-X (estimated wealth) and the World Bank's WDI database (GDP per capita at PPP). Both data are for the year 2013.

[90]Pearce (1999); Días (2016); Casaus Arzú (1992).

topics such as taxation and institutional capture.[91] This helps to understand the connection between family, business, and oligarchic interests.[92]

Guatemalan oligarchs have successfully defended their wealth and privileged position in society with strong participation in world markets through agricultural products and the effective containment of democratization pressures from below. Scholars highlight that those Guatemalan oligarchs are "remarkably united (. . .) [with] little turnover in terms of new elites displacing old ones".[93] Traditional oligarchic families were cemented during the early days of the colony and independence, controlling key economic sectors such as agriculture and banking, and monopolizing the production of consumer goods (food and beverages) and construction materials like cement. Although in recent times new business groups have emerged and contested the power of traditional families, particularly in services and telecommunications as well as through illegal activities and fraud,[94] traditional familias remain most powerful through the interconnected control of key economic sectors (consumer goods, export agriculture, finance, construction and real estate), power over vast territories and population through latifundia, and close ties to politics.[95]

In illustrating the full-scale operation of material power in Guatemala, we also show the deployment of the three mechanisms developed above: the two discussed in the literature on oligarchy (coercive capacities and buying defensive services) and our proposed third mechanism of opportunity hoarding. We focus in detail on the latter.

Property defense through coercion

Since the late 19th century, Guatemala underwent a period of radical liberal reform, ushering in a savage, primitive accumulation process, producing class polarization in the countryside and allowing the country's successful entrance into the world capitalist economy through the export of coffee. During this period, oligarchic interests built a relatively able state – by regional standards – capable of defending their wealth by enforcing order through coercion based on strong militarization and recruitment of forced labor.[96] The subsequent accumulation of pressures for democratization from below was neutralized by organized repression through military dictatorships instead of civilian strongmen, as in neighboring Central American countries.[97]

The use of coercion, including outright militarization and repression – often with the help of the US – extended throughout the 20th century as a response to both internal pressures for incorporation and external pressures for increased competitiveness. This was most visible after a short period of political and social democratization in the 1940s–1950s, which opened the way for agrarian reform – quickly repealed in 1954 – and increased unionism and political liberalization. A key to the conflict was the access to land and the defense of the large estates that underpinned oligarchs' wealth base during economic decline: extensive plantations and the use of a semi-enslaved workforce.[98] Hence, during the 1960s–1980s, capitalist modernization and the quest for increased competitiveness in world markets went hand in hand with the intensification of conflict and outright civil war.

During this time, traditional hacienda-related agriculture moved towards agricultural diversification, capital-intensive crops, and agribusiness in modern estates – that is, from coffee and bananas to cotton and spices, and from these to palm oil and sugar as well as labor-intensive services like IT and tourism.[99] Most familias also diversified into finance and other service activities. At the same time, repression intensified, and continued military rule counted with close participation from the familias, a

[91]Palencia (2002); Bull et al. (2014); Schneider (2012); (Dosal, 1995).
[92]see Schneider (2013); Bull (2013).
[93]Schneider (2012, 175); see also Bull et al. (2014); Granovsky-Larsen (2018).
[94]see Schwartz (2020).
[95]Gutierrez (2023); see Schneider (2012).
[96]Mahoney (2001); Paige, (1998).
[97]Mahoney (2001).
[98]Paige (1983).
[99]Bull et al. (2014).

classic property defense strategy based on coercion.[100] The case of the flagship sugar industry illustrates this process well. In the 1970s, workers organized and turned against their masters, instigating the long-feared image of "a courtyard packed with workers shaking their machetes in the air" and leading property seizures (Fuentes 2017 85, translation is ours); the solution was defending property through military repression in the very sugarcane estates undergoing formidable capitalist modernizations, including the sequester and disappearing of union leaders.

This dynamic continued until the return to democratic rule in 1986 and the Peace Accords of 1996. The end of the civil war precluded the threat of a revolutionary outcome that would challenge the landed elite's personal wealth and exclusive social position. In this new political and institutional context, property ceased to be at stake, and income defense became the main goal of the oligarchy, particularly in the context of ever-increasing competitive pressures from world markets. The crucial issues of land reform and redistribution were successfully repealed during the Peace Accords, and the main issues became taxation and labor regulation.[101] Businesses even scraped language related to the "social function of land."[102]

Income defense through the buying of defensive services

Among income defense strategies, Winters[103] highlights contributory deflection as one of the main avenues for defending wealth under democratic rule. This mechanism operates across weakly and strongly institutionalized democracies. Guatemalan oligarchs have successfully limited taxation and the use of public tax revenues, threatening the most basic social needs of the population.

The Peace Accords included the need to increase public expenditure on education and health by at least 50%, which was to be accompanied by an equal increase in tax revenues.[104] The Commission for Historical Clarification that followed the Accords recognized in 1999 that low taxation was one of the main factors affecting social cohesion and the persistence of inequality in the country.[105] However, between 1980 and 2012, nine attempts at fiscal reforms were aborted due to direct opposition from oligarchs.[106] As a result, as of 2019, Guatemala had the lowest rate of tax revenue in Latin America (13.1%) and was in the top 15 countries with the world's lowest tax revenues.[107] Not surprisingly, if we take the 2010–2020 period, Guatemala was the country in Latin America with the lowest public expenditure relative to its GDP (13,8%).[108] Guatemala also outperforms other countries in Latin America and is among the world leaders in indirect taxation, with taxes on goods and services representing well over 50% of all tax revenues and direct taxes representing only a small proportion of it.

This is combined with a high share of tax exemptions. Calculations for seven countries in Latin America suggest that tax exemptions in Guatemala (measured as tax expenditures, the amount of taxes that the state fails to collect as a result of exemptions) were until 2010 almost twice as much as those in Mexico – the country coming second after Guatemala in terms of exemptions as a share of GDP – and about five times those of countries like Peru, Brazil or Argentina.[109] Around 70% of tax exemptions have been related to income tax.[110] In fact, during the 2000s, tax expenditures were greater than tax revenues in terms of share of GDP.[111] Tax exemptions are directly related to oligarchic power. For example, in the 1990s, the government of Álvaro Arzú established a property tax but granted

[100]see Winters (2011).
[101]Interview 14.
[102]We thank one of the reviewers for this insight.
[103]Winters (2011).
[104]Fuentes and Cabrera (2006, 157).
[105]Garita (2018, 215).
[106]Garita (2018).
[107]This and other tax information in this paragraph come from the OECD Global Revenue Statistics database.
[108]Data from ECLAC's CEPALSTAT database.
[109]Garita (2018, 220–1).
[110]Ibid, 225.
[111]Schneider (2012, 174).

exemptions to estates of a certain value; at the same time, he gave landowners responsibility for calculating the value of their property, therefore encouraging tax elusion – that is, using legal subterfuges to reduce tax payments.[112] Crucially, in terms of how Guatemalan businesses operated, these legal and political battles were fought by deploying a large army of legal counselors, international accounting firms, and lobby specialists hired to defend wealth, that is, through buying defensive services.

This situation became most visible after the leakage of the "Panama" and the "Pandora" papers investigations in 2016 and 2021, respectively. These investigations, considered the largest in journalism history,[113] revealed a shadow financial scheme through which wealthy individuals from all over the world hid their wealth in tax havens and the key role of legal counselors in this process. Guatemala was the 4th country in Latin America and 10th in the world with more presence in the larger Pandora papers case.[114] Guatemalan businesses, particularly those in the most modern and dynamic economic sectors, such as sugarcane production, have regularly hidden their wealth in tax havens. The Panama papers scandal revealed how the largest sugarcane estates of the country used Panama law firm Mossack Fonseca to create paper companies and funnel their wealth to secret accounts.[115] With these, businesses managed to heavily reduce taxes, get loans under favorable conditions, or even administer their businesses with lower regulations. Interestingly, according to a former head of the Guatemalan tax authority, while in the past, rich Guatemalans hid their wealth in offshore accounts for fear that they would become the target of extortion and kidnapping, "nowadays one of the biggest reasons to use these types of schemes is fiscal",[116] that is, to reduce taxes.

Income defense through opportunity hoarding

Limiting taxation to such a residual level has posed a problem for the oligarchs' income defense strategies. For example, it has implied limited expenditure on institutions fostering economic development. Focusing on skills formation, a workforce tied to new export sectors and services in the new international scenario requires minimal skills. Yet, these could not be acquired through public education because of its extremely low coverage, attainment levels, and poor quality. In contrast, private education has expanded considerably in the country, but this remains a poor-quality alternative (see below). In this context, while taxes and educational expansion have been kept at the lowest – even for Latin American standards – the oligarchy appropriated the only educational institution that provides effective skills for the job market, the public Instituto Técnico de Capacitación, INTECAP, keeping government board representatives at bay and mobilizing their wealth to use this organization for their purposes. We propose that this is a manifestation of material power through opportunity hoarding. Controlling this institution, the familias,[117] a categorically bounded oligarchic network acquired access to a resource that is valuable, renewable, subject to monopoly, and supportive of network activities. This network places high value on the formation of skills, not as a credential for those who receive education but as an instrument for securing a trained labor force. In fact, they have sequestered the institution for their wealth creation goals and prevented governments from utilizing it for public policy purposes.

The INTECAP is a deconcentrated public institution with its own patrimony and autonomy from the central government, working under a tripartite governance structure.[118] The institute provides

[112]Garita (2018, 223).

[113]International Consortium of Investigative Journalists (ICIJ), https://www.icij.org/investigations/pandora-papers/.

[114]Ovalle (2021).

[115]Labrador and Sánchez (2017).

[116]Ovalle (2021).

[117]The term "familias" refers to the seven to ten families that own most of the country's businesses and land and have controlled its economic and political life since colonial times (Schneider, 2012, 177).

[118]From the 1970s on, institutes like INTECAP, public institutions with tripartite governing bodies, were established across Latin America (Bogliaccini and Madariaga, 2020).

secondary vocational education, paralleling that of the Education Ministry, and shorter traning courses.[119] INTECAP is one of the educational opportunities available for the few youngsters who go to the upper-secondary level in Guatemala (only around 25% of all those of corresponding age).[120] Only around 1.6% of all secondary-level students attend INTECAP.[121]INTECAP is the only institution – among public and private VET providers for secondary education – where employers directly participate. The difference between INTECAP and the other public and private VET providers cannot be more pronounced. In the case of the public system, maintenance costs and the necessary upgrade of equipment, alongside a chronic shortage of qualified teachers, have greatly eroded the quality of the courses offered.[122] INTECAP, on the contrary, has its system of labor demand analysis and labor intermediation for its graduates. The market demands for INTECAP graduates surpass other domestic institutions.[123] Moreover, it has much more financial resources than the Ministry of Education because its finances depend mostly on business-mandated contributions rather than scarce budgetary allocations.[124] A rough calculation indicates that INTECAP's budget is three times that of the Ministry on a per capita basis (that is, relative to the number of students covered).[125] INTECAP is recognized nationally and internationally as an island of excellence.[126]

In the following sections, we analyze (a) why this case should be regarded as an illustration of material power and not institutional power, (b) how oligarchs have been successful in controlling this valuable and renewable resource, preventing governments from effectively participating in its governing body; and (c) how control has been manifested in using INTECAP solely based on employers' needs (i.e., generating and defending wealth) at the same time limiting its role as a public educational institution.

Material power versus other types of business power

Business influence over INTECAP has involved explicit actions and has not drawn on exit or withholding threats coordinated by market mechanisms as in structural power. Moreover, while an important degree of influence happens through revolving doors and informal ties with politics, as in instrumental power, the main source of influence comes from the control of INTECAP itself. In this context, the main point of contention is whether business influence corresponds to institutional or material power.

Analyzing the case of INTECAP, we claim that we do not see instances of business accretion or delegation, both indicators of institutional power (see above). Businesses did not expand a private skills formation alternative where the state was absent (accretion) but appropriated a public institution for those purposes; nor was the INTECAP governance formally delegated to businesses, but they used several legal and extra-legal dispositions to secure their control even at conflict with the state. While businesses have become increasingly involved in INTECAP, and a feedback effect affects the balance of power between the state and businesses, the feedback is not caused by a policy but rather by a de facto institutional capture. This difference, that is, the hoarding of opportunities to the detriment of part of the population without the support or legitimation of the state, is essential, and we believe it is the

[119]A handful of VET institutions are managed directly by the Ministries of Agriculture and Livestock, Health (health services technicians), and Defense (military equipment).

[120]Net enrollment in upper-secondary education, 2018. Data from the UNESCO UIS Database.

[121]Cojtí Cuxil (2011) and their calculations are based on data from INTECAP (2016), INTECAP (2018), and the World Bank's WDI database.

[122]Cojtí Cuxil (2011, 44–5).

[123]FUNDESA (2016).

[124]In the 2018 budget, 64% of INTECAP's income came from business contributions, while only 6% came from selling training services–mostly to non-contributing companies. The rest came mostly from interest on bank accounts and other types of financial instruments (INTECAP 2018, 59).

[125]In 2017, expenditure per student at INTECAP was US$1,335, while expenditure per student in secondary education in the country was US$415.91. Own calculations based on data from INTECAP (2016), INTECAP (2018), and the World Bank's WDI database.

[126]see SENA (2014).

defining feature that distinguishes this experience from similar ones in which corporatist institutions leverage to business in education policy.

An example of accretion and the use of institutional power in this policy arena is found precisely in Guatemala's expansion of private VET institutions. Having better infrastructure than public ones, profit concerns on the part of private institutions predominate over rational planning when deciding on the supply and quality of courses in Guatemala. Hence, these constantly press the Education Ministry for the expansion of courses without regard for their actual demand and/or quality,[127] and this demand is one of the main reasons leading to the proliferation of tailored educational programs without rationalization or planning from the Ministry.[128] This is a clear-cut instance of accretion, where private interests invite themselves into the policy arena, producing negative policy feedback that affects the power balance between the state and private interests. The number of secondary VET courses doubled from 1996 to 2010, with the private system offering twice as many training programs as the public system.[129] On the contrary, to build the skills they need from the workforce, oligarchs did not expand a private skills formation alternative but sequestered a well-functioning, formally public but de facto private institution – the INTECAP.

Controlling INTECAP's governance

Oligarchs have managed to insulate INTECAP's governance from the state, controlling its strategic direction, goals, and procedures without counterweight. The key to this has been a battle over the institution's funding and who has the right to make decisions. The INTECAP has a tripartite governing body of twelve seats, where the encompassing business organization CACIF controlled by the familias nominates six seats, the government another three, and labor unions the remaining three. It is managed by a CEO nominated by the government and a deputy CEO nominated by business (CACIF). At its inception, INTECAP was to be financed through a 1% earmarked payroll tax paid by employers and directly funneled into the institute's accounts. The second funding source was an annual dispensation from the government, paid from the national budget.

In this context, oligarchs have spread the idea that, since INTECAP's funds are a contribution from their private wealth, only they have legitimate control over the organization. To support this, they have been historically opposed to the law-mandated yearly state contribution to INTECAP, as this would provide rationale and justification for the state to step in more strongly. Thus, although it is written as such in the law, the state has never financially contributed to INTECAP since its foundation in 1972. Thus, every time INTECAP's public character is required, business controllers reply that since the basis of its funding is private money, it cannot be subject to state control. Interestingly, this control extends well beyond the specific skills formation functions of the institute. For example, in a public interview, former INTECAP CEO and later Vice-president of the Republic Guillermo Castillo[130] used this idea to justify the use of INTECAP funds for campaign donations and to fend off a possible Congressional investigation of anti-union practices inside the institute.

By contrast, government officials rightly but unsuccessfully argue that revenue from taxes to social security (extracted from business as part of INTECAP's law) is public, not private. One former Minister of Labor explained this difficulty in the following terms during a personal interview:

> "They [businesspeople] used to tell me: 'We pay the contribution; therefore, we have the right [to make the decisions]'. But I replied: 'No sirs, you don't pay it, in practice payroll taxes imply lower salaries for your employees'."[131]

[127]Cojtí Cuxil (2011, 35).
[128]UNESCO (2017).
[129]Von Ahn (n/d, 7).
[130]Nomada (2019).
[131]Interview 14.

This battle has translated into constant quarrels over the institute's governance that oligarchs have successfully won. They have done this through several maneuvers, chief among which has been preventing government officials from participating in INTECAP's governing body. First, oligarchs have prevented governments from nominating candidates to manage INTECAP when they do not comply with business orientations. Employers refer to the various governments as "friends" or "foes" of INTECAP based on the government's agreement to the non-involvement equilibrium and attitude towards challenging business strategic control over the institution. Particularly unwelcome is when a government appoints a CEO without consulting businesses. A member of INTECAP's board representing employers explained this in a personal interview:

> "We have had presidents close to us, presidents that are friends of INTECAP, that have followed the advice and requests of our directors who have many years [on the board], in terms of designating a person that truly understands the situation [of this institution]; a person that is aligned with its goals and objectives; but that has not always happened."[132]

Second, employers boycotted the government's CEO candidate when unaccommodating governments sought to regain control of INTECAP.[133] By law, when no CEO is officially nominated, the deputy CEO – nominated by business board members instead of the government – takes control as acting CEO. Hence, oligarchic interests in the directive board have complete latitude in boycotting the government's candidate, if necessary, to maintain a manager from within their ranks.

Control over the governing body of INTECAP gives oligarchs access to additional resources, namely, the millions of dollars in international donations to the institute.[134] Since INTECAP is formally a public institution, it has received important funding and resources from international donors that are only available to sovereign states and public bodies. Between 1974 and 1999, of 13 training centers built by INTECAP, one – the first – was a donation from the central government, three were donations from foreign governments, and another six were built thanks to loans from the Inter-American Development Bank and the World Bank (INTECAP 2016, 24). In short, legally mandated payroll taxes are considered private voluntary contributions to INTECAP; this is then used to justify employers' control of INTECAP's corporate governance bodies and the active limitation of the government's influence through various means.

Monopolizing INTECAP's skills formation for wealth creation

The control of INTECAP and the ability to monopolize its crucial skills formation capacities, has allowed oligarchs to support their own wealth creation and defense strategies. Concretely, INTECAP has had a key role in developing new economic sectors, helping oligarchs in their quest to move to higher profit-making areas. In practice, INTECAP's skills formation opportunities have expanded solely based on business needs. At the same time, oligarchs have refused to use INTECAP to expand public education, monopolizing skills formation opportunities. In doing this, material wealth has been an important resource. The following quote reflects the idea that business regards INTECAP as theirs while simultaneously believing theirs is the right vision for what is best for the institution.

> "The government has on many occasions wanted to change, and they send people, and they say, 'Do this or do that'. But you cannot do it like that here; there is no politics here; we don't do that. And we get very tough, very tough. (. . .) because we don't allow the government to say what we should do in this institution."[135]

[132]Interview 1.

[133]The three trade union board members have only a nominal presence, which is consistent with unions' overall weakness in Guatemala.

[134]We are not suggesting in any form a corrupt use of these funds, as we have no evidence about this.

[135]Interview 2.

Since the 1970s, Guatemalan oligarchs have moved from traditional haciendas and semi-slave work to agribusiness and semi-skilled workforce in modern estates to enhance wealth-generating activities. One case at hand is the sugar industry, a sector that experienced an impressive modernization process with a marked export orientation.[136] From the production of raw sugar cane, the sector moved to refine sugar and to produce other products with higher value-added, such as ethanol, a biofuel with growing international demand. Over 30 years (1980–2010), Guatemala's refined sugar output and labor productivity increased fivefold, surpassing its closest Latin American competitors by far.[137] As of 2017, Guatemala was the fourth largest sugarcane exporter in the world, after Brazil, Thailand, and India.[138] A sector's flagship is the Ingenio Pantaleón, previously a traditional coffee-based estate owned by the Herrera family, with important stakes in other sectors – notably banking through the Banco Agromercantil – which controls the sugar growers' association Asazgua. Pantaleón is the biggest production estate today, representing nearly 20% of Guatemalan production.[139]

During the convulsing late 1970s, Pantaleón contracted several young engineers to take charge of the modernization process, who would influence the modernization of the entire Guatemalan sugar industry. Several of them had previously worked at INTECAP. Eventually, the key to modernizing the industry became training a labor force that could work with the new technology.[140] INTECAP played a major role in training a semi-skilled workforce for this purpose.

In 2004, INTECAP founded what its board of directors considers the most modern and technologically advanced training center in Guatemala – and allegedly one of the biggest in Latin America – in Santa Lucia Cotzumalguapa, home of Pantaleon and other large sugar-producing estates.[141,142] According to one INTECAP executive, the institute offers several services to the sugar industry in addition to skills formation, notably studies of labor supply and demand.[143]

By contrast, state-run technical agricultural schools are defunded and need more adequate infrastructure. Interviewees at international aid organizations recognize that they lag as they are usually located in places where there is no demand for agricultural labor. In this context, state-run institutes have moved to train youngsters in basic survival agriculture and entrepreneurship, supply-oriented active labor policies detached from industry demands. This contrasts dramatically with the modern and highly productive skills formation trajectories provided by INTECAP to the sugar industry.

Due to the latter, governments have strongly pressured INTECAP to engage more decidedly in expanding its involvement with training unskilled and uneducated youth. INTECAP's governing body solution has been to begin charging a fee for student enrollment in government programs to fund expansion. In other words, instead of using INTECAP's public infrastructure to expand educational opportunities, governments have had to purchase educational services from INTECAP at list price. For example, in 2008–2009, the expansion of state-run VET alternatives required the involvement of INTECAP due to the lack of reach of the public system in certain rural areas (more on this below). To do this, the Education Ministry had to sign an agreement with INTECAP that created a commitment to pay tuition fees to INTECAP to educate 300 students from those areas.[144]

This anecdote illustrates the wider problem of whether INTECAP should be a vehicle for narrow skills demands from businesses that can monopolize successful skills formation at their will or whether it should serve the broader interests of the country. A vice-minister of labor explained clearly, in a personal interview:

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[136] Fuentes (2014; 2017).
[137] Fuentes (2014, 11–12).
[138] Labrador and Sanchez (2017).
[139] Ibid.
[140] Fuentes (2014; 2017).
[141] Molina (2005, 240).
[142] Interview 5.
[143] Interview 7.
[144] Cojti Coxil (2011, 31).

> "We know the educational necessities in Guatemala, but we are not using those [INTECAP's] funds and resources."

The response from INTECAP's board to this claim unveils the power equilibrium between the state and oligarchs and their capacity to monopolize the institution and its resources in their favor: "Although, indeed, the formation of poor young people ready to enter the labor market is very important, we cannot fail to respond to those who are financing this institution," a high-ranking official of INTECAP said. He added, without hesitation: "It is the business part of the governing body that gives us our directions and says where we should go." In short, INTECAP prioritizes employers' needs over those of the government.

Extreme land ownership concentration in Guatemala – a result of previous efforts at wealth defense by business oligarchs – further complicates state plans to expand these state-run institutions and exemplifies using material resources to hoard INTECAP's skills formation opportunities. According to an international donor agency employee, a key problem in expanding public VET opportunities is that the state does not have land to build schools.[145] Another interviewee illustrated this by citing an episode that occurred in 2015. That year, the outgoing Minister of Education signed an agreement with the Ministry of Agriculture to transfer the resources and management of VET schools in rural areas. However, the latter declined the agreement because the lack of available land for training purposes made managing these agricultural schools impossible. In sharp contrast, INTECAP's close ties with the familias have implied that land donations are frequent and as shown previously, are identified as key for expanding its activities to rural areas in a country where private land ownership is pervasive. Donations of land and other assets – and not public educational policy – are the key underpinning INTECAP's expansion. The following quote by an employee at INTECAP is a good illustration of this:

> "The last training center (. . .) was donated by one of the families. We knew that the family's interest was to use INTECAP as an anchor [sic] of attraction, say, for business, because close to the area, there is a business center owned by the family. There are other business centers in the area. Therefore [INTECAP] is like an anchor".[146]

In sum, oligarchs have controlled the strategic direction of INTECAP, hoarding its skills formation opportunities for employers' needs alone while actively limiting public policy concerns from governments to interfere in its functioning. Moreover, donations based on private wealth have been a key resource for controlling the institute's decisions.

Conclusions

The business power literature has expanded greatly in past decades, improving our understanding of business involvement in politics. In this context, more work is needed to clarify the distinctions between different types of power and adapt the framework to new empirical processes such as growing inequalities and their effects on the balance of power between democratic states and businesses. In this context, we have offered an extensive theoretical discussion of business power and provided a concept-building exercise to understand better the different types of business power, its sources, and its mechanisms. In doing this, we discussed how material power – a type of power based on extreme wealth and prevalent in highly unequal societies – differs from the other commonly analyzed sources of business power – structural, instrumental and institutional. We show how the wealthy few channel their material power to influence politics to defend their wealth.

Our main contributions are the concept-building exercise, the incorporation of material power to the toolkit of theories of business politics to analyze the operation of business power, and the conceptualization of opportunity hoarding, borrowed from the sociological literature on categorical

[145] Interview 20.

[146] Interview 8.

inequalities, as a concrete mechanistic manifestation of material power. Regarding the first, this concept-building exercise allows for an inclusive and conceptually ordered organization of types of power that contributes to a better analysis and classification of new cases and, eventually, new types of power.

Regarding the second, following Busemeyer and Thelen's[147] insights on the need to identify the different sources of business power and a wealth of recent research on wealth inequalities and politics, we have argued that material power is not just an extreme version of instrumental power. Although both have similarities (as do structural and institutional power), they differ in the source and mechanisms through which that power is exerted. Thus, while instrumental power relies mostly on network relations with policymakers, material power is based on accumulated wealth. Based on a re-reading of the classics of instrumental power, we contended that resources such as organization and money are not inherently connected to any specific type of business power but can be used to enhance all of them.

In addition, we have brought to the analysis of Guatemala several mechanisms through which business material power is exerted, highlighting what we call opportunity hoarding following Tilly.[148] We argued that opportunity hoarding combines wealth defense and the persistence of stark inequalities. The case study of Guatemala showed how oligarchs moved from property defense strategies using coercion during outright repressive and authoritarian governments in the 20th century to income defense ones after democratization that included buying defensive services to deflect taxes and opportunity hoarding. By analyzing the case of skills formation through the formally public but de facto private INTECAP, we have shown how oligarchs hoard skills formation opportunities for their purpose in outright opposition to the public policy concerns of Education authorities. Hence, the mechanism of opportunity hoarding is particularly well suited to illustrate the institutional/state capture consequences that the use of material power may have. Overall, we argue that the deployment of material power allows oligarchs to defend their wealth and maintain categorical inequalities that prevent subordinated populations from acquiring higher power resources through these means and challenge oligarchic control of the existing democracy.

We hope these reflections strengthen the agenda on business power and open new avenues of research. Among the latter, a fruitful future research avenue can be further specifying the distinctions between different types of power and analyzing the factors that can enhance different forms of business power (like organization or money). In other words, research can advance in analyzing degrees of business power and not just the presence of it. In addition, analyzing differences between the uses of material power in more institutionalized versus less institutionalized democracies is warranted. Do stronger democratic institutions and practices prevent using material power or specific mechanisms? Or are contemporary democracies sliding into a new gilded age where material power prevails – as some contemporary readings argue? We believe this article makes important contributions to answering these important questions.

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Appendix: interviews and visits during fieldwork

INTECAP board member representing employers

1. INTECAP Board Member 'A', interview with the authors, Guatemala City, 18 July 2018.
2. INTECAP Board Member 'B', interview with the authors, Guatemala City, 18 July 2018.
3. INTECAP Board Member 'C', interview with the authors, Guatemala City, 18 July 2018.
4. INTECAP Board Member 'D', interview with the authors, Guatemala City, 18 July 2018.
5. INTECAP Board Member 'E', interview with the authors, Guatemala City, 18 July 2018.
6. INTECAP Board Member 'F', interview with the authors, Guatemala City, 18 July 2018.

INTECAP administrative officials

7. High Ranked Official at INTECAP (Budget & Planning), interview with the authors, Guatemala City, 21 July 2018.
8. High Ranked Official at INTECAP (CEO Office), interview with the authors, Guatemala City, 21 July 2018.

Relevant political figures

9. ExEducation Minister (2010s), interview with the authors, Guatemala City, 18 July 2018.
10. ExEducation Minister (2000s), interview with the authors, Guatemala City, 22 July 2018.
11. High Ranked Official at the Ministry of Education, interview with the authors, Guatemala City, 19 July 2018.
12. High Ranked Official at the Ministry of Education, interview with the authors, Guatemala City, 23 July 2018.
13. High Ranked Official at the Ministry of Education, interview with the authors, Guatemala City, 23 July 2018.
14. Ex-Labor and Social Security Minister (1990s), interview with the authors, Guatemala City, 19 June 2018.
15. Ex Labor and Social Security Vice-Minister (2010s), interview with the authors, Guatemala City, 22 July 2018.
16. ExFinance Minister (2000s), interview with the authors, Guatemala City, 22 July 2018.
17. High Ranked Official at the Ministry of Finance (SINAFOL), interview with the authors, Guatemala City, 23 July 2018.
18. High Ranked Official at the Ministry of Finance (SINAFOL), interview with the authors, Guatemala City, 23 July 2018.
19. High Ranked Official at the Ministry of Finance (ProNaCom), interview with the authors, Guatemala City, 23 July 2018.

International agency officer and others

20. High-ranked Officer at GIZ (German cooperation agency), interview with the authors, Guatemala City, 21 July 2018.
21. Program Officer at GIZ (German cooperation agency), interview with the authors, Guatemala City, 21 July 2018.
22. Program Officer at USAID Guatemala, interview with the authors, Guatemala City, 22 July 2018.
23. High Ranked Officer at USAID Guatemala, interview with the authors, Guatemala City, 22 July 2018.
24. Program Officer at the World Bank, interview with the authors, 3 August 2018 (online).
25. Community Activist, interview with the authors, 8 August 2018 (online).

INTECAP centers visited

1. Centro de Capacitación Guatemala 1, (14 Calle 31–30, Zona 7, Ciudad de Plata II), Guatemala City, 22 July 2018.
2. Centro de Capacitación Guatemala 2, (34 Av. Y 11 Calle final, Col. Justo Rufino Barrios, Zona 21), Guatemala City, 22 July 2018.

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