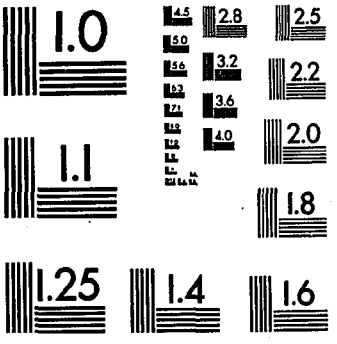
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by

THOMAS M. H. KAPPNER

A dissertation submitted to the Graduate Faculty in Political Science in partial fulfillment of the requirements for the degree of Doctor of Philosophy, The City University of New York.

1985

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Abstract

THE POLITICAL ECONOMY OF POPULIST-NATIONALISM IN ARGENTINA, 1943-55: PERONISM AS A TRANSITIONAL STAGE IN THE DEVELOPMENT OF A DEPENDENT INDUSTRIAL ECONOMY

by

THOMAS M. H. KAPPNER

Advisor: Professor Kenneth Paul Erickson

Focusing on the Peronist period from 1943 to 1955 as the high point of a transitional process between two patterns of dependency on foreign capital, the study explores the dynamics underlying the pendular cycle so characteristic of Latin American political life--the dialectical movement between some variant of populist rule and that based on military power as a means of repressing popular aspirations. Peronism emerged in the context of contradictions within a developmental pattern based on an alliance of the export producing, landowning oligarchy with foreign, primarily British, commercial and financial groups. The developmental model promoted by the Perón government in turn, was geared principally to urban labor and local capitalists producing for the domestic market.

The coalition Peronism was based on could only be held together under conditions allowing for increased wages along with higher profits for national capitalists. In the absence of such advantageous conditons, a populist-nationalist regime is driven by its commitment to pursue

development within the framework of capitalist social relations to cut back on the consumption levels of its popular base. Such policies result in increased working class militance which undermines capitalist accumulation. This brings the military to power.

The military rulers then use the coercive power of the armed forces to back up an economic project serving the interests of the oligarchy and multinational industrial and financial capital. Whereas populist-nationalism used material incentives to gain stable labor relations, the military enforces labor peace through intimidation, torture and murder. This forceful restructuring of the foundation of the nation's economic life not only harms the working class and popular sectors, but also erodes the position of bourgeois sectors based on the production and distribution of wage goods. The stage is set for the reemergence of some variant of populist-nationalism as a formula for exercising state power.

Finally, military repression will return once the new regime is unable is unable to provide material benefits for its popular base while also meeting the increased demand from foreign capital for whatever surplus the Argentine economy is able to generate.

ACKNOWLEDGEMENTS

Perhaps even more than most dissertations, this one has been the product of a "lifetime's work." It was born of my experiences in Latin America with a generation of heroic fighters for justice and true independence.

More directly, countless people have been instrumental in shaping the contents expressed in the pages that follow. Among these are first and foremost my advisor, Kenneth Paul Erickson whose patience, gentle perseverance, invaluable advice, and encouragement made completion possible.

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Special gratitude is also due to Dorothy Valla and Mary Boyd who sacrificed many hours of family life to put these pages in their present form.

I must also thank my wife Augusta and daughters Tania and Diana who endured years of aberrant behavior on my part. Finally, I am indebted to my parents who steered me onto the path I am on.

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CHAPTER I

THEORETICAL FRAMEWORK AND FINDINGS

Theories of Modernization and Development

This study evolved as an effort to understand the significance of changes which took place during the Peronist years between 1943 and 1955. It soon became apparent that their implications went beyond the study of Argentine politics. Argentina represents an early example of what many Third World nations have attempted to achieve. With the First Five Year Plan of 1947-51, the Perón government announced a concerted and systematic, nationalist and non-socialist program of industrialization designed to lead to self-sustaining and autonomous growth for the Argentine economy. Argentina of the Peronist period had the desire and seemed to possess the conditions necessary for rapid and self-sustaining growth. Yet, in spite of manifesting the conditions and relationships held in the development/modernization literature to be essential for achieving economic development and political modernization, the Argentine case did not show these results.

It is interesting to note that the early formulators of the development/modernization literature did not view Latin America as their major research area. As Alfred Stepan pointed out in his article on the subject[1], this neglect was "due, in part, to the underlying

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[1]Alfred Stepan, "Political Development Theory: The Latin American Experience," Journal of International Affairs 20 (1966):223-34.

assumptions of much of the work on development. The literature reveals a strong bias toward an almost unilinear, mechanistic view of history--society moves from traditional, to transitional, to modern stages."[1] In extrapolating an idealized version of liberal-democratic components from the Western experience and presenting it either as a goal toward which "developing" societies automatically tended or one they must strive for because it embodied humanity's highest political achievement, the literature proceeded ahistorically and served an ideological function. It proceeded ahistorically because in reifying selective components of the Western tradition, they loose all connections to the social and economic processes from which they emerged. An in-depth analysis of these processes would have negated the literature's idealized, one-sided characterization. It would have led to a dialectical treatment of, for example, the relationships between political democracy and the exploitative mechanisms of the emerging capitalist system. Such a dialectical treatment would have contradicted the literature's ideological function.

Rather than contributing to the explanation of cases like the Argentine, the conventional theories of modernization and development have essentially served to justify the relations between the centers of international capitalism and its peripheral areas. In avoiding an analysis of the oppressive and exploitative mechanisms on which the power and privilege of those who benefit from the ongoing social relations rests, the literature served to justify their position. The ideological function performed by the mainstream literature can be seen by the way its various conceptual frameworks and methodologies

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[1] Stepan, p. 293.

deny, minimize, or obscure the negative features of social reality: the posture of value-neutrality with its implicit espousal of existing arrangements in the distribution of power as legitimate; behavioralism with its focus on observed behavioral regularities abstracted from the socio-economic context within which they took shape; functionalism with its concern for existing relationships as the "natural" means for performing the function in question; the fetishism of statistics which treats its units of analysis as separate and distinct, having no connections other than their numerical relationships; the consideration of the political dimension as an independent variable in and of itself, not as the outcome of particular social processes; not to mention such concepts as "social mobility," "openness of elites," "transitional societies," and so on, which remove the onus for those benefitting from conditions of economic exploitation and political dominations and counsel the victims to bear their burden because of the transience of their situation.[1]

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[1]The critique of the modernization/development literature is well known. The earlier examples are still among the better ones: Barrington Moore, Jr., Political Power and Social Theory (Cambridge: Harvard University Press, 1958) and C. Wright Mills, The Sociological Imagination (New York: Grove Press, 1961). The best single article is probably Mark Kesselman's "Order or Movement? The Literature of Political Development as Ideology," World Politics 26 (October 1973): 139-54. For numerous citations of the literature showing its orientation aimed at aiding those in power retain it, see pp. 144-5. Kesselman remarks: "My objection is not to describing how authorities attempt to maintain dominance, but rather to the implicit espousal of their cause: the literature of political development might be assigned reading in Silone's school for dictators." (p. 144) Another excellent work on this subject is the book edited by Robin Blackburn, Ideology in Social Science (New York: Vintage Books, 1973) which reprints articles from the New Left Review.

In assessing the utility of the modernization/development literature for analyzing the Argentine case, I found it particularly deficient in two major areas of inquiry. On the one hand, in minimizing or avoiding any analysis of dependency altogether, the literature neglected an integral component in the functioning of the international order. On the other hand, its treatment of economic factors was also deficient. The economic dimension is either absent from the analysis or it tends to be "inverted." That is, instead of analyzing material elements as a principal aspect in the determination of social reality, they are seen as dependent variables determined by, rather than determining cultural patterns, norms and values.

Only an analysis that is squarely based on both the economic and dependency dimensions can unravel the complexities and paradoxes that have characterized Argentine development. To summarize the basic theoretical premise pursued in this study: from the very beginning to the present, the patterns underlying Argentine economic, social, and political life have been determined by the particular structural links between the national groups controlling the predominant forms of productive activity and the major foreign groups most closely tied to these productive processes.

Dependency Theory

In analyzing the Argentine case I adopt the dependency theory framework because it most adequately addresses the shortcomings in the development/modernization theories. Dependency theory focuses on the external conditioning of local history, but at the same time lends itself to a dialectical approach that emphasizes the inter-

relationships between the external and the internal. Thus it also addresses one of the weaknesses in Marxist theories of imperialism.

Too frequently there has been a tendency to analyze Third World development as simply a kind of reflex action caused by imperialism. To be sure, international capitalism shaped local class structures, but the course of the international system, in turn, has been affected by the specific ways in which these societies developed in the areas to which capitalism spread.

In this study I apply the Cardoso and Faletto version of the dependency theory framework because it best encompasses the needed dialectical approach. Their formulation is specifically geared to avoid the twin interpretive fallacies that arise from "the belief in the mechanical conditioning of the national politico-social situation by external domination and the opposite idea that all situations are historically unique."[1] Cardoso and Faletto's theoretical framework also links the economic, social and political components of development. In analyzing the relationships among groups comprising the social structure, the key, according to Cardoso and Faletto, lies in the control of production and consumption. Cardoso and Faletto's version thus avoids one of the major errors Marxist critics have faulted dependency theory for. Earlier formulations, particularly Andre Gunder Frank's, traced the causes for underdevelopment to the systematic siphoning off of economic surplus from the satellite areas to the metropolis through the mechanisms of international trade. Such

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[1]Fernando Cardoso and Enzo Faletto, Dependencia y desarollo en América Latina (Buenos Aires: Siglo Veintiuno Editores, 1972) p. 162. My translation.

an approach, confined to the sphere of circulation, results in an analysis whose units are exploited and exploiting nations. Moreover, as the critics correctly pointed out, a dependency theory confined to the sphere of circulation necessarily avoids analyzing social relations of production and hence class structures.[1]

Unfortunately, there was a tendency, particularly on the part of the more sectarian Marxist critics, to proceed from this justifiable criticism to the "straw man technique" in order to dismiss dependency theory as a whole. Equating the whole of dependency theory with the Frank type of formulation allows John Weeks and Elizabeth Dore,[2] for example, to overlook dependency theory formulations, like Cardoso and Faletto's, which proceed from the sound Marxist premise of commodity production. As Karl Marx demonstrated in Capital, the development of capitalism--i.e., the process whereby commodity production takes over the provision of the goods and services necessary to sustain social life--cannot be properly understood without analyzing the various interrelationships between production and circulation that it gives rise to. Indeed, Volume II of Capital largely concerns itself with the implications of the fact that, though surplus value arises in the sphere of production, it must be realized in the sphere of circulation. Just as an analysis confined to circulation fails by avoiding class structure, so too an analysis restricted to the realm of

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[1]Erneste Laclau(h) in "Modos de producción y sistemas económicos y población excedente: aproximación histórica a los casos argentine y chileno," Revista Latinoamericana de Sociología 5 (July 1962): 276-317, is the earliest and one of the most cogent exponents of this critique.

[2]John Weeks and Elizabeth Dore, "International Exchange and the Causes of Backwardness," Latin American Perspectives 6 (Spring: 1979) 62-87.

production fails equally because it neglects the importance of commercial and trade relations. It is inconceivable to analyze the functioning of the world economic system without taking this dimension into account. A sound analysis is one that proceeds from a more complex but also more accurate perspective of the nature of contemporary global capitalism. "The capitalist world economy is an articulated system of capitalist, semi-capitalist and pre-capitalist relations of production, linked to each other by capitalist relations of exchange and dominated by the world capitalist market."[1]

An even more unfortunate use of the "straw man technique" is the reasoning of those Marxist sectarians who dismiss dependency theory out of hand as a bourgeois construct.[2] It is of course quite true that the impetus for the originators of the dependency theory framework, Raúl Prebisch and those grouped around him in the United Nations' Economic Commission for Latin America (ECLA),[3] was nationalist and sometimes anti-imperialist, but certainly non-Marxist. Yet the

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[1]Ernest Mandel, Late Capitalism (London: Verso, 1978), pp. 48-9. See also Geoffrey Kay, Development and Underdevelopment: A Marxist Analysis (London: n.p., 1974) which emphasizes the specific weight and role of merchant capital in colonies and semi-colonies for any explanation of backwardness.

Mandel presents a very useful formulation of Marx's method which corresponds with the procedure that evolved in the present study. See especially pp. 16-7 of Mandel's book.

[2]For example, Raúl A. Fernandez and Jose F. Ocampo, "The Latin American Revolution: A Theory of Imperialism, Not Dependence," Latin American Perspectives 1 (Spring 1974): 4-29.

[3]The concepts of "center" and "periphery" were already clearly formulated in ECLA's Estudio económico de América Latina (New York: United Nations, 1949).

fundamental premise on which ECLA based its analysis incorporated the Marxist "law of unequal development under capitalism." ECLA saw the international system as one entity composed of industrial centers and primary producing peripheries, with the former dominating the latter. Prebisch had already applied the concept of unequal exchange to the Argentine situation in a 1934 article for the Revista de economía argentina (Año 17, nos. 193 and 194, July and August). He noted that in that year Argentina had to sell 73 percent more than before the Depression in order to obtain the same quantity of manufactured goods and "in the previous year the nation had to pay double the amount in terms of gold on its fixed foreign debt obligations as it did in 1928."[1] Thus in dismissing dependency theory as a bourgeois construct, the sectarian Marxist critics fail to take into account the Marxist underpinnings even in the bourgeois version.

Stressing the ways in which Latin American productive structures were shaped in accordance to their insertion into the international division of labor emerging in the nineteenth century, the ECLA analysis provided a powerful explanation for the region's contemporary problems: persisting dependence on agro-mineral experts, weak and underdeveloped industrial sectors, and as a corollary, the lack of self-sufficient, autonomous national economies. On the other hand, the ECLA analysis' almost exclusive focus on trade relations (leaving productive relations outside its purview) and its neglect of the internal social structures of peripheral areas and their points

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[1]Joseph L. Love, "Raúl Prebisch and the Origins of the Doctrine of Unequal Exchange," Latin American Research Review 15 (1980): 50. Pages 52-60 present a good summary of Prebisch's analysis of the functioning of the international system.

of connection with the advanced industrial areas, also accounted for the shortcomings in the earlier dependency theory formulations.

Because the early formulators neglected the sphere of production and therefore failed to develop an adequate class analysis, does not mean that this deficiency is intrinsic to dependency theory itself. Cardoso and Faletto's version for example, which begins with analyzing the predominant forms of economic activity and the social groups who control the "productive processes" and the "structures of distribution" involved, incorporates the Marxist synthesis between the two spheres. Thus when left sectarians equate Cardoso and Faletto's construction with the bourgeois version, they conveniently ignore the Marxist content in Cardoso and Faletto's work. An example is John Myer's critique of Cardoso. He faults Cardoso's formulation of dependency theory for the very point that constitutes one of its strengths. He objects that Cardoso's focus is on process, on the dynamic interrelationship which obtains between politics and economics, and not on class, and that it thereby deviates from Marxist analysis. Cardoso's unit of analysis, Myer argues, is by its very definition dynamic and "cannot be given a complete definition in strictly economic terms."[1] Myer ignores two basic points. First, Cardoso's analysis focuses on the developmental process involving shifting relationships between social groups within a theoretical framework that begins with system of production and its relations of production. Second, the strength of Marxist analysis lies precisely in its ability

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[1]John Myer, "A Crown of Thorns: Cardoso and Counter-Revolution," Latin American Perspectives 2 (Spring 1975): 41.

to relate the economic to the political. Taking Marx's theory as a whole, there is no such thing as "a complete definition in strictly economic terms."

Rather than constituting an antithesis to Marxist theories of imperialism, when properly constructed, dependency theory represents a a necessary supplement. As Barbara Stallings put it, "dependency theory can be seen as an attempt to look at imperialism from the bottom up rather than from the top down."[1] Being concerned with the functioning of the international system as a whole, theories of imperialism tend to concentrate on the advanced capitalist areas as the centers of gravity. Dependency theorists, on the other hand, tend to turn their attention to effects of imperialism, to the specific ways in which international capitalism has had an impact on an area over time. A specific instance of dependency cannot be properly understood in isolation from the world system in which it developed and in which it functions. At the same time, each particular set of relationships between advanced capitalist centers and a dependent area has its own history and its own peculiar manifestations. It is in analyzing concrete instances that dependency theory has a contribution to make.

Cardoso and Faletto's Contribution

I extrapolated the theoretical model applied to the Argentine case from Cardoso and Faletto's version of dependency theory, elaborating on their basic framework and the relationships they

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[1] Barbara Stallings, Economic Dependency in Africa and Latin America (Beverly Hills, Calif.: Sage Publications, 1972) p. 5.

single out as significant and determinative. Four aspects of Cardoso and Faletto's formulation make theirs' a superior version of dependency theory for unravelling the complexities of the dependent world:

1. Their theoretical framework links economic, social and political factors and it provides a handle for getting to the key of the endeavor, the analysis of class structures
2. They provide for a dialectical conception of the external/internal nexus
3. Their analysis focuses on historical process and on the dynamic which accounts for movement and change, the contradictions underlying the relationships of the groups comprising the class structure
4. Their analysis incorporates the very important consideration of the transitional period between one pattern or modality and another

It must be pointed out that in singling out these four aspects and in their elaboration which follows, I have been selective and extrapolated from Cardoso and Faletto's formulations, and I have reformulated and sharpened those components from their analysis which I feel provide the most useful approach. However, while it reorders and shifts the emphasis somewhat, this interpretation does not violate the implicit thrust of their arguments.

Cardoso and Faletto's theoretical framework views society as composed of groups having diverse and conflicting interests. At each point in time there are unstable compromises which resolve some conflicts while generating new ones. Thus, in a fundamental sense, the process of competition and struggle between groups with diverging

interests constitutes the dynamic element within any given social system. These interests, and the values and norms that express them, do not exist in a vacuum; they arise from the manner in which social groups are related to the structures involved in the production and distribution of material necessities and rewards. Power, according to this perspective, involves the use of the state and its institutions by some groups, and not others, to control the structures of production and distribution. Hence social change is the process which brings about redistributions in the power relationships of groups whose interests are at stake. And such "changes in the social system of domination always imply a redefinition in the forms of the control and organization of production and consumption."[1]

The second aspect of Cardoso and Faletto's formulation that makes it so appealing is the stress they lay in their framework on the global context within which national class structures develop and to which its constituent groups are linked. Consequently the analysis must incorporate such relationships as those which determine the economics of the world market and the international balance of power. In this endeavor they argue against a focus that separates factors labelled external from those categorized as internal. "What is being proposed is to find the characteristics that the national social system assumes and within them, their relationship to the external."[2]

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[1]Cardoso and Faletto, "Dependencia y desarollo en América Latina" in La dominación de América Latina (Lima: Francisco Monchoa Editores, 1968), p. 191. My translation.

[2]Ibid., p. 196.

The third aspect of the Cardoso and Faletto approach that I found valuable is its "dynamic" content. Cardoso and Faletto emphasize that the analysis must be historical. In my view, the focus must be on the process whereby the contradictions underlying the relationships between groups comprising a particular class structure develop. Thus, if in the course of analyzing a particular developmental pattern--in specifying its underlying structures and the links within and between national and foreign groups exhibited in these structures--one must employ a procedure which provides a kind of snapshot (frozen in time) of the constellation of socio-economic forces operative at that particular historical moment, then this procedure must be a means, a heuristic device and not an end. Its purpose is to underscore theoretical points and it must transcend a mere ideal-typical formulation of a given reality. This procedure should serve as an analytical tool with which to delineate possible outcomes within the dependent pattern being analyzed.

The analysis must be such that in specifying the developmental pattern characteristic of the given historical stage, it states relationships exhibited in the "snapshot" of social forces in a manner that rules out some links between social groups and points to others likely to emerge as dominant within the modality characteristic of the next stage. Thus, though this procedure used to analyze the relationships underlying a given historical moment may not predict specific contents of the developmental pattern operative at the next historical moment, it should aim to at least narrow down options and provide clues for the types of social constellations most likely to prevail.

In making these points I have elaborated on Cardoso and Faletto's formulations where they emphasize historical process and stress dynamic tensions between groups as the analytic tool. In their view, analyzing a given historical moment requires specifying the social groups that make up the dominant set, since the particular ways in which they promote their interests defines the developmental process operative at the time. In this sense these relationships among and between national and foreign groups are presented as momentarily frozen. But, at the same time, they must be characterized within a dynamic context, as part of the process of change. In other words, the analysis of a given historical content must be able to take into account its fluidity. The analysis should not present a finality of results, but instead a process of becoming.

It is within this context that Cardoso and Faletto stress their point about dynamic tensions between groups.[1] With it they underline two facts. First, that a particular ruling coalition contains within it groups with varying degrees of actual or potentially conflicting interests. The cohesion and stability of a dominant set of groups depends on the types and intensity of such conflicting interests and on the manner in which they are resolved. On the other hand, the dominant configuration must also contend with the interests of the national and foreign groups excluded from representation within it. Thus, the degree and form whereby excluded groups express their opposition, constitutes a second limiting factor on a ruling coalition's staying power.

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[1]For reasons that will be explained shortly, I prefer the concept of "contradiction."

Calling attention to the importance of transitional periods represents Cardoso and Faletto's fourth major contribution to dependency theory. They note that these dynamic tensions between groups become most acute and are therefore manifested most visibly during the transitional period between one pattern of dependency and another. In their writings a transitional period emerges as a result of an international crisis that disrupts the ongoing pattern of relationships between internal and external groups. Much of what they say about transitional periods is treated implicitly in the two cases they cite. The first is "the rupture of the colonial pact" which resulted in various types of the "externally oriented growth model." Externally oriented growth--economic growth based on the production of agricultural or mineral primary goods for export--defined and determined the development of most Latin American societies from the colonial period until the Great Depression of the 1930's.[1] The second transitional period, which is the important one for our purposes, resulted from the 1929 crash. Cardoso and Faletto term it "the crisis in the externally oriented growth model." It was marked by policies aimed at the consolidation of "internally oriented growth"--the expansion of nationally-owned manufacturing for domestic consumption. Eventually, it led to variations of "dependent industrialization" or the control of the local industrial sector by multinational capital.

The international economic collapse of 1929 exacerbated, and brought to a head, shifts in the relationships among and between the

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[1]Mexico, which experienced the first social revolution of the twentieth century, is an important exception.

national and foreign groups comprising the dominant set, and shifts in their relationships to excluded and opposing groups. These shifts provided the content of "the crisis in the externally oriented growth model" of the thirties. These shifts came about as a result of factors which undermined the position of groups linked to the export of mineral and agricultural primary goods and the factors which made industrial activity increasingly important. The process set in motion resulted from the interplay of these external and internal factors and it was the manner in which they were linked that determined its results. Consequently, as Cardoso and Faletto point out, in tracing the origin of the stimuli and mechanisms that may result in an industrialization that restructures the economic and social system, the analysis must incorporate, on the one hand, the transformations or conditions on the international scene and, on the other hand, the elements favorable to this type of development within the interplay of the politico-social forces in the dependent nation. These internal forces, linked to particular configurations of interests in the metropolitan centers, produce the policies that take advantage of these new conditions and opportunities for economic growth, and thereby define the direction and reach of the social and political changes being generated.

This formulation represents a useful contribution because, as Cardoso and Faletto note, though the transitional period of the thirties responded to essentially the same external stimuli, it resulted in diverse social arrangements taking shape in the various Latin American countries. In some cases the traditional ruling groups resisted any displacement of their control over the power structures. For example, in Argentina until the advent of Peronism,

the crisis resulted in strengthening the domination of the agro-exporting oligarchy through military-authoritarian forms, thereby repressing social turmoil and postponing the demands of excluded groups. In other cases however, the power of ruling groups diminished as the process of industrialization developed beyond their control. In ascertaining possible outcomes of the transitional process, Cardoso and Faletto stress the importance of analyzing the degree to which, and the manner in which, prior conflicts within the ruling coalitions and with opposing groups have been resolved in the preceding stage.

In calling attention to the importance that the analysis of transitional periods deserves, Cardoso and Faletto offer an extremely useful addition to dependency theory. Understanding the dialectical process that occurs during a transitional period provides a unique opportunity for clarifying complex interrelationships that take shape into the trends determining the pattern of dependent relationships that emerge as dominant in the next stage.

A transitional period involves a dialectical process because, on the one hand, it implies more autonomy and less dependence for national groups. At a time when prior links with external groups are weakening, they have more room for maneuver and more options in re-structuring their internal and external alliances. It is at such times that progressive changes are most likely. However, developments of this type depend on the presence of internal groups ready and willing to take advantage of the favorable international context. There must either be a new coalition, representing a wider popular base, strong enough to offset the traditional groups, or the elite groups must be willing to widen their power base. On the other hand,

a transitional period is also one in which the options of national groups become successively narrowed. The process which transpires is one in which the new arrangements are gradually solidified and consolidated; as each link between groups becomes established, it eliminates the possibility for others and the room for maneuver grows increasingly smaller.

Theoretical Model Applied in This Study

The model sketched above served me as a guide with which to organize and attach significance to the manifold events comprising Peronism, my aim being to see if I could "make sense" out of the totality. The particular formulation of dependency theory I chose stresses the connections among and between internal and foreign groups as a determining factor in the process of economic development. The analysis must specify the ways in which foreign and national groups interconnect through their relationships to the predominant forms of economic activity. The interests of both of these groups arise from their connections to the structures of production and distribution involved. Their interests, in turn, are the source for both the alliances and coalitions forged among and between these groupings as well as the source for the contradictions among them.

It follows then, that the analysis must delineate the components operative in a given pattern of dependency: the groups, their interests, the orientations that flow from them, and the relationships formed between these groups. In practice, this raises many problems and involves innumerable complexities particularly as concerns the key problem, that of relating groups to interests. In spite of these difficulties, I nevertheless propose to make general statements based on empirical data. The type of economic activity which predominates at

the given time, provides the clue for the first step in this endeavor. To find the predominant forms of economic activity I will use such indicators as percentages contributed by sectors to the Gross Domestic Product, the proportion of the total economically active population in each sector, and the relative volumes in the types of goods exported and imported. The next step is to locate the significant actors by singling out the groups "tied" to those processes found to encompass the largest shares of the totals. It is the structural ties of these groups to the predominant forms of economic activity--ownership of means of production, part played in the labor process creating value and in the distribution thereof; in other words, the social relations of production--that determine their interests and thus condition the relationships they forge among and between them.

Next comes an even more difficult step in the proposed procedure--one that, in the end, can only be justified by the results the analysis yields. Though necessary, it is clearly insufficient to merely enumerate the relationships between internal and external groups comprising a matrix of dependency. The procedure outlined so far does not get beyond a static picture; it lacks the vital element that accounts for change. If a particular modality or pattern of dependency is conceived as a stage, then the analysis must specify those elements that make for movement within it. Each stage contains within it the next stage. Consequently, rather than seeing it statically, as an outcome of processes, the analysis must deal with the dynamic elements inside these processes themselves. The key to this task lies in uncovering the conflictual tensions or contradictions implicit in the particular ways that connections among and

between the significant actors are structured. Each stage is in a constant state of flux--whereby relationships are solidified, altered, and undone--with continual readjustments that result from the contradictions within it. Thus in analyzing the process whereby a particular set of relationships between groups takes shape, the focus must be on what holds these relationships together and what drives them apart. What holds them together is the common purpose the members of the coalition controlling the mechanisms of power have in using that power to pursue their interests. Likewise, opposing sets of groups have a common purpose in seeing their interests promoted. In what drives them apart, we get to the concept of contradiction. There are, on the one hand, contradictions between the interests of the ruling and opposing groups. Simultaneously, each of these groupings also contain varying degrees of contradictory interests within them.

I use "contradiction" in contradistinction to "opposition," "contrary," or "conflicting"--all of which are meanings encompassed by the concept[1]--because "contradiction" calls attention to 1) the systemic nature of the opposition involved, and 2) its dynamic nature as a source for movement and change. As to the first point, groups with contrary interests are not atomized units which can choose to avoid the conflict between them. What drives them apart is at the same time what holds them together. In other words, they are integrally related and connected by virtue of their common ele-

[1]It does not however, include the meaning of "untruth" or "false" prevalent in the everyday usage of "contradiction."

ments within the same system. For example, proletariat and bourgeoisie in a capitalist system are ultimately tied together and driven apart by their relationship to the process of commodity production. The second point has already been mentioned: a contradiction involves more than just opposition arising from differing interests. The opposing interests are connected in a way that makes tension and, ultimately, conflict unavoidable. A contradiction involves opposing interests which become active and the resulting conflict is the source of change. A contradiction cannot remain a contradiction indefinitely. It must eventually lead to change and thus be reformulated on a new basis. Finally, it is important to note that the conflicting demands posed in a contradiction can be resolved in either direction. If there is a causal model in this dialectical mode of analysis, it is not the unilinear one of "a" causes "b." The contradiction between "a" and "b" can be reformulated in either direction. The causality is one of a narrowing down the range of possible outcomes while, simultaneously, the scope is also widened as the new combinations in turn, create the possibility of yet unforeseen reformulations.

I noted that there are contradictions between the interests of the ruling and the opposing groups, and that, simultaneously, each of these groupings also contain contradictory interests within them. Applying this step of the proposed analytic procedure requires imagination and creativity, intuition and common sense associations, and just plain knowledge of the subject matter. In this endeavor the theoretical framework offers no fast and firm, mechanical rules to be applied. All it offers is the awareness that each pattern of dependency should be conceived as a stage in a dynamic and dialectical

sense, with each set of relationships between groups in a constant state of flux containing contradictory interests which set the limits for the next pattern of arrangements (which, in turn, contain their own contradictions). Moreover, the logic is not a deterministic one. Rather, each set of arrangements contains a number of possible patterns, with each one implying a different field of options for succeeding patterns.

Having delineated a dependent pattern in terms of the significant groups tied to the predominant forms of economic activity, the methodology which proved useful in ascertaining the determinative contradictions among and between these groups was to analyze the continuities and divergences with the developmental policies of the adjoining time periods. Each stage is the product of the previous stage and contains within it the next stage. Hence a thorough analysis of one stage, particularly focusing on the basic continuities of its developmental policies with those of the preceeding stage and on the ways in which they diverged, brought out the contradictions within that stage whose reformulation, in turn, determine the contents of the following stage. Specifying and clarifying the contradictions within one stage in this way provided an understanding of the manner in which these contradictions might be reformulated in the next stage. Developmental policies were chosen as the focus for comparison because they provide a useful handle for analyzing the interrelationship between the economic and the political. A developmental policy is the medium through which the state as the institutional expression of the configuration of dominant groups mobilizes resources that reinforce some relationships among these groups and undermine others,

as well as developing links to previously excluded groups, by promoting some modes of economic activity and some features of the class structure while attacking others.

The most important stage to analyze is the transitional period. It is during transitional periods that shifts in the patterns of dominance become most discernable, and it is during such periods that the process of combinations of groups vying with each other to impose their aims assumes particular intensity. It is also in the transitional period that one of these begins to consolidate its position vis-a-vis the others. Consequently, in focusing on relative shifts in the influence and power of local and foreign groups during the period of transition, the analysis provides a means for ascertaining its likely outcomes and thus also a means for narrowing down the variety of developmental patterns that could result.

How can one distinguish between a transitional period and a stage? It was stated that the lines are blurred, that change occurs constantly. Yet one must be able to specify at what times this process assumes particular intensity and, thus, becomes more visible. What then, sets a transitional process apart? Implicit in the foregoing discussion there are at least four conditions which must be operative for a transitional process to take place. These general criteria are offered in a preliminary, and not in a definitive sense. They were found useful in this endeavor and, it is hoped, they can be refined and sharpened in order to aid in the analyses of other transitional periods.

The following are these four conditions. First, there must be a crisis on the international scene severe enough to disrupt the

ongoing developmental process. In particular, the internal repercussions of this crisis must be profound enough to throw into temporary disarray the alliance of domestic and foreign groups controlling the productive and marketing structures. This creates the vacuum which the competing sets of groups try to fill. Second, the basic elements that provide the infrastructure for the new pattern must be at hand. That is, even if in a subordinated capacity, the new pattern must have been developing within the prior stage. In our case, the transition between externally oriented growth and a dependent industrial economy, the industrial plant necessary for the production of consumer goods must already exist. Such an infrastructure is a prerequisite for the physical and technological requirements of the new pattern. In addition, the groups tied to this infrastructure are the actors pushing for the expansion of the "new" pattern. Third, the alliance of groups on which the alternative developmental pattern is based, must possess and mobilize a coercive power strong enough to offset the political power of the groups comprising the traditional alliances. That is, for the goals of the new developmental program to be implemented, the mobilization must produce a political force strong enough to determine the use of available resources. Fourth, the realization of an alternative developmental program depends on adequate material conditions; that is, the necessary resources must be available before they can be utilized. In the case examined here, the transition from externally oriented growth to dependent industrialization depends on the export of primary goods in order to

obtain capital goods. This means that the demand for the nation's major products must secure sufficient revenues to cover the costs of industrialization.

Summary of Analysis

Applying the theoretical framework and methodology outlined here yielded an analysis that brings out the significant factors and determinative interrelationships necessary for a deeper understanding of Argentine economic and political development.

This analysis enabled me to identify the key actors and time periods in the course of Argentine development. It will be recalled that each stage is conceived of as a pattern of dependency defined by the relationships forged among and between the national and foreign groups tied to the predominant forms of economic activity. I noted each stage must be analyzed not in a static, but rather in a dynamic sense as a process whose components are constantly evolving. The dynamic element in this process is the constant reformulation of contradictions arising out of the nation's structures of production and distribution and their insertion into the global capitalist economy. Such an approach focues on the shifts within a pattern of dependency that become determinative in leading to modifications or alterations in the predominant forms of economic activity.

Which are the key actors and the significant stages in the course of Argentine economic and political development? This study analyzes the roles of British, continental European and North American capital (the external pole) and their shifting relationship with

the landowning oligarchy and diverse sectors of the bourgeoisie, as well as the part played by the industrial working class and the popular sectors in these shifts (internal pole). The analysis traces the roles of these groups and their shifting relationships through the externally oriented growth pattern up to 1930, its modified version from 1930 to 1943, the period of Peronism's achievements from 1943 to 1950, that of its limitations from 1950 to 1955, the period of the dependent industrial economy from 1955 to 1973, the second Peronist period of 1973 to 1976, and the attempt to reinstitute a new modified basis for externally oriented growth thereafter. As a means of highlighting the contradictions which underlay shifts in the relationships among and between national and foreign groups dominant within each stage, I applied the methodology of analyzing continuities and divergences in the developmental patterns defining adjoining stages. The resulting analysis revealed a process wherein, more often than not, these determinative shifts turned out to be a case of quantitative change leading to qualitative change. This analysis developed in the remaining chapters can be presented schematically here.

Until 1930, Argentina exhibited the classical features of an externally oriented growth model. The economy developed on the foundation of agro-pastoral goods for export: first mutton, then beef, and later cereals and wheat, were raised and grown primarily for overseas markets. This predominant form of economic activity developed to the extent that Argentina practically became industrialized Europe's breadbasket. Between 1911 and 1934, 95 percent of Argentina's total exports were agro-pastoral goods and Argentina supplied more

than half of the world's total beef exports. In 1925, Argentina occupied first place in the world's exports of corn, oats and flaxseed, and second or third in those of wheat and flour.[1] As a by-product of this pattern, manufacturing remained relatively underdeveloped and subordinated to the requests of agricultural production. Local industry was constrained so as not to compete with the importation of industrial commodities from Argentina's major market, Great Britain. In turn, agro-pastoral exports became all the more essential since they provided the foreign exchange needed to purchase products not produced locally, both necessities and luxury goods.

Along with the centrality of agro-exports for the developing Argentine economy, a ruling class based on the ownership of the vast tracts of land used in raising or cultivating these commodities arose and solidified its hold over the evolving social and political structures. An increasingly sophisticated state apparatus with the capability for effective administration and regulation also developed in the context of this growing export trade. From the beginning, the landowning ruling class, or oligarquía, as it is popularly known in Argentina, used its economic power to control the state and, at the same time, the state played a key part in consolidating the oligarchy's economic and social position. Indeed, the state was instrumental in conferring ownership over thousands of acres of land to the handful of families comprising the oligarchy.

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[1] Vernon Lovell Phelps, The International Economic Position of Argentina (Philadelphia: University of Pennsylvania Press, 1938), pp. 134-6, 141.

The state was also instrumental in cementing the relationships between the locally dominant groups and the representatives of foreign capital which provided the foundation for the externally oriented growth pattern. The strategic structures channeling the circuits in the accumulation of capital were established with regulations that guaranteed monopoly conditions for foreign, mostly British, investors over export and finance: thus the British owned railroads, meat packing plants, port facilities, and their preponderant influence in banking. In Argentina externally oriented growth took a form best described as the "Anglo-oligarchic connection." It was based on the exchange of commodities: foodstuffs for manufactures. The oligarchy viewed manufactures which competed with British imports as a threat to the trade arrangements guaranteeing them wealth. On the other hand, British investors concentrated on the export of finished consumer goods from England and on controlling the financing and transportation of rural commodities from the Argentine countryside. The ideology of free trade and laissez faire expressed the mutual self-interest of these two elites in the continued dependence of the Argentine economy on exporting agro-pastoral goods.

Along with the crisis and reordering of the global economic order that began with World War I, the dominant relationships among and between national and foreign groups shifted in conjunction with the prevalent modes of economic activity. Externally a triangular pattern was taking shape within the traditional two-way flow of exchanging rural commodities for industrial imports that linked Argentina through her ruling class to the United Kingdom's finance and industrial capital. Gradually, the United States began to dis-

place Great Britain as the major source for imports. Argentina had to realize a favorable balance in her exports to Europe to cover the deficits in the trade with North America. Internally, North American groups took advantage of the corollary of externally oriented growth: an underdeveloped local manufacturing sector. It was in the industrial area that North American investors began to make their presence felt in Argentina. In so doing, U.S. groups enjoyed a competitive edge over their English counterparts. Their greater proximity to the domestic market allowed them greater flexibility in responding to and creating local demand, they had the capacity to use cheaper labor power, and their operations were not disrupted by an economy placed on a war footing.

These shifts did not proceed far enough to undermine the externally oriented growth pattern. With the end of the disruptions of the First World War, they were arrested and in many instances even reversed in the decade of the twenties. However, the trends of the World War I period reemerged much more strongly with the world crisis of 1929. This time their impact was powerful enough to modify externally oriented growth which, in turn, eventually led to a new developmental pattern. The contraction of production in the advanced industrial nations and Argentina's inability to sell agro-pastoral goods meant a drastically reduced volume of imported manufactures. The oligarchy responded to this crisis threatening to undermine externally oriented growth by using the state to promote an import substituting industrialization to fill the gap left by the lack of imported manufactured goods. The policies of the thirties succeeded in revitalizing the Anglo-oligarchic connection, but on a

modified basis. These modifications gave rise to contradictions that provided the conditions that made Peronism viable.

The basic contradiction in the oligarchy's modified model was that it depended on a certain degree of internal industrial development in order to salvage the basic structures of externally oriented growth based on agricultural production. Though import substituting industrialization was clearly restricted and subordinated to maintaining the primacy of rural production as the axis of the nation's economic life, the policies of the 1930-43 period nevertheless expanded industrial activity considerably. The result was a submerged industrial sector threatening to break out of the confines of its functional subordination, which generated a host of postponed demands and unfulfilled expectations on the part of industrialists and workers. These were the sectors that Peron built his winning coalition on. He held out the promise of expanded production to the capitalists and he built a mass movement by meeting the demands of labor which had been suppressed, at times brutally, by the oligarchic regime of the thirties. Peronism resolved the contradictions arising from the limited import substituting industrialization of the thirties through a full-scale import substituting model of internally oriented growth in the forties.

Analyzing the basic continuity of Peronist policies and the way they diverged from those of their oligarchic predecessors reveals the contradictions within Peronist development. The continuity results from the fact that Peronist policies promoted a basically import substituting industrialization with a capitalist framework, centered principally on industry with a lower organic

composition of capital (i.e., more labor intensive). The degree of industrialization promoted represents the basic departure of Peronist policies from those of the thirties. The impact of Peronist policies was such as to transform existing contradictions through a process of quantitative leading to qualitative change, and in this process creating the contradictions that led to the disintegration of the Peronist developmental model. The Peronist developmental pattern diverged qualitatively from that of the thirties in these respects:

1. Peronism used agriculturally generated surplus to promote industrialization thereby reversing the traditional subordination of industrial development to agriculture as the foundation of the economy
2. Breaking sharply with the policies of the previous period, Peronism dismantled the British presence within the Argentine economy
3. From the supplying of external markets with agro-pastoral goods, industrial production for the domestic market became the predominant form of activity

These achievements were possible because Peronism benefited from an extremely favorable confluence of external and internal conditions in the World War II and immediate post-war period. The regime spurred on the most rapid development of the industrial sector in Argentine history, elevating manufacturing for the domestic market to the primary form of economic activity. At the same time, it instituted the most equitable distribution of wealth Argentines had ever experienced. Workers made their largest wage gains; for the first time millions of Argentines were covered by extensive social security, unemployment, retirement, health and other benefits; the

cost of food was kept down; rents were frozen; thousands of housing units were erected for workers; and the universities were opened to their children.

The externally and internally favorable conjuncture made these impressive achievements possible, but it also obscured the contradictions within Peronism. Externally, the wartime conditions increased the demand for Argentina's traditional exportables, thus making for an accumulation of foreign exchange reserves, while the lack of competition from foreign producers allowed Argentine manufacturers to increase production. Internally, the traditionally powerful socio-economic groups were in disarray which made the political pressure generated from Peronism's mass mobilization more effective, thereby making the regime's social and sectoral redistributive policies possible.

Populist-nationalism was the doctrine Peronism used in its mass mobilizing efforts. It was especially suited for this task in that it perceived the root cause of Argentina's problems to lie in the alliance of the rural oligarchy with the foreign (mostly British) imperialists. By calling on all sectors of the population to rally against the tiny minority of those who had sold out the nation's interests, and by calling on capitalists and workers alike to cooperate in the task of national reconstruction, populist-nationalism simultaneously provided a sense of dignity and purpose for the proletariat which had always been held in disdain by the nation's rulers, and a crusade within which the bourgeoisie could legitimately pursue its corporate interests. The inclusiveness of Peronism's populist and nationalist orientation was the positive

side that allowed the regime to undertake a broad-ranging mass mobilization which proved an effective tool with which to counter the power of the traditionally dominant interests. At the same time however, this glossing over of class distinctions was the negative side that prevented Peronism from confronting its contradictions at a time when the conditions were most advantageous for such a reckoning.

Consistent with its populist-nationalist doctrine which viewed industrial development as in and of itself leading in a spontaneous manner to economic liberation, the Peronist program aimed at and succeeded in strengthening the manufacturing sector under the control of national capitalists. Peronism remained a bourgeois doctrine in that it saw no need for, and indeed strongly opposed, altering capitalist relations of production. A major preoccupation behind Peronist redistributive measures was to prevent class struggle over the distribution of wealth from undermining the authority of the groups controlling production. A major concern of Peronist policies in other words, was to confine the class struggle to the sphere of circulation and prevent it from spilling over into that of production. Perón often justified social welfare measures undertaken by his regime as a means of giving the workers a stake in the new system.

The period of Peronism's greatest achievements coincided roughly with the First Five Year Plan (1947-51), which was officially formulated as the government's instrument for achieving the liberation of the economy from imperialist domination. Essentially, the First Five Year Plan (FFYP) aimed at creating consumer demand through higher wages and a more equitable distribution of wealth. This demand was to be satisfied by domestic production, thereby releasing foreign

exchange for the purchase of commodities essential for economic development. Peronism's developmental program thus rested on simultaneously providing benefits to social sectors with fundamentally opposed interests in the distribution of value created through the productive process. This contradiction within the Peronist developmental model was obscured by the exceptionally favorable external and internal circumstances for the Argentine economy prevailing at the time.

A crucial feature of the FFYP's strategy for industrialization was the reversal of the traditional subordination of manufacturing activity to agricultural production. With the creation of the Instituto Argentino para la Promoción del Intercambio (I.A.P.I.), Perón channeled the surplus generated by the rural sector into industrial production. Because it had moved to monopolize the export structures for rural commodities, the Peronist state reaped the benefits of the favorable conjuncture for the Argentine economy, in contrast to the past when the oligarchy would have further enhanced its position. However, though it resorted to indirect political control, the Peronist state stopped short of a direct assault on the oligarchy's material base, thus leaving the foundation of its major internal opposition intact. The failure to expropriate large landed property flowed from Peronism's populist-nationalist doctrine. While some of the oligarchy's wealth was redistributed, its class position and the social relations on which its power rested were not attacked.

In accordance with populist-nationalist doctrine, Peronist policies promoted economic development within the framework of the private ownership of the means of production. The state reserved the

right to interfere in those properties that "served a social function," but this potentially far-reaching formula was never applied systematically, serving more as an admonition to political enemies than anything else. Capital was supposed to "humanize itself," to see its own self-interest, with some prodding from a popular government; but only Evita Perón seemed determined to force it in that direction. Economic privileges were decried rhetorically, but the class struggle was not advocated as a means to rectify injustices. In fact, it is here that Peronism drew its clearest line of demarcation from Marxism: it advocated "social justice," not class struggle. One of Perón's frequently cited statements from his May Day speech in 1944, makes this point: "We seek to suppress the struggles between classes, and to supplant them by a just agreement between workers and employers--that is to say, the people--under the sheltering justice that emanates from the state." The mobilization of labor as a pressure group was actively pursued, but leadership of the developmental process by the working class was out of the question.

In accordance with the study's theoretical model, the analysis of Peronism as a transitional period focused on shifts in the combination of foreign and national interests promoted in the Peronist developmental pattern as decisive in shaping the outcome of the process. One of the shifts taking place during the Peronist period was highly visible while another was obscured by the degree of independence, both from national and foreign economic groups, enjoyed by the Peronist state as a result of the favorable wartime conditions. Peronism's nationalist and anti-imperialist policies clearly dismantled the structures of British influence; less clear was the movement resulting in their replacement

by North American interests.

Peronist industrializing policies initially promoted the interests of national capitalists who were principally manufacturers of consumer goods. The foreign groups benefiting from the substitution of imported manufactured consumer goods with local production were primarily U.S. companies, particularly in the area of capital goods and technology, at the expense of British economic interests.[1] The net result of the Peronist program was the replacement of an oligarchic-British based pattern of externally oriented growth resting on rural production by an internally oriented growth pattern resting on manufacturing and dependent on imported capital goods, primarily from U.S. sources. Due to an insufficiently developed capital goods sector and the lack of a concerted program for its development, Peronist industrialization fostered an indirect form of dependency.

To accumulate revenues needed to cover the vastly increased demand for machinery and parts, Argentina depended on the export of rural commodities. This dependence made for continuity in the Peronist developmental pattern with the prior pattern. However, benefits derived from Argentina's external links were now used to

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[1]The largest deficit in U.S.-Argentine trade for the period between 1946 and 1952 coincided with the year in which the output of the industrial sector was the highest. Argentina's imports from the United States in 1948 amounted to 2,286 million pesos, while her exports to the United States for the year amounted to 537 million pesos. Roughly half of the total imports for 1948 were in the category of machinery and vehicles. Ministerio de Asuntos Técnicos, El intercambio con los Estados Unidos (Buenos Aires, 1951) and Síntesis estadística mensual de la República Argentina (Buenos Aires, July 1953).

promote the interests of groups whose economic activity was essentially contradictory to externally oriented growth. For this reason the Peronist pattern is conceptualized as indirect dependency: the interests promoted by the state, although dependent on surplus derived from economic activities oriented to external markets, were nonetheless tied to productive activity oriented to the internal market.

The analysis shows indirect dependency to have been a transitional form which resulted in the more direct form conceptualized as dependent industrialization. The deterioration of the favorable conjuncture for the Argentine economy in the initial Peronist years produced a crisis in the regime's import substituting policies. The second half of the Peronist period, from 1950 on, was characterized by a gradual penetration of the capital intensive branches of the industrial sector by North American and Western European multinationals.

During its period of upsurge, as long as the favorable confluence of factors for the Argentine economy held until about 1950, the regime's policies seemed forceful and clear. However, once the favorable context deteriorated, the contradictions within Peronism's class harmonizing formulas, which remained submerged in the prior period, now presented increasing difficulties for the regime. As the postwar recovery of Europe and the increasing vigor of the U.S. economy, now entering its phase of global preeminence, began to be felt, the Peronist government was increasingly forced to opt for one or another of the various socio-economic groups encompassed in its populist-nationalist coalition. Attempting to postpone a final reckoning, which would have involved a heavy political price, the regime vacillated and seemed hesitant.

Nevertheless, though incrementally and with much wavering the Second Five Year Plan (SFYP) instituted in 1952 but never allowed to run its full course, did reveal the programmatic direction of the regime's intended socio-economic readjustments to the crisis. Essentially, the proposed program for economic recovery was formulated within a capitalist framework and, as such, it consolidated the trend toward a dependent industrial economy wherein the weight of foreign interests assumed a central position within the manufacturing sector. After 1950, Peronist policies increasingly favored private interests controlling large industrial companies, and the gains made by the workers and popular sectors in the earlier period began to erode.

Using the methodology outlined above,[1] the significant shifts within Peronist policies of the 1945-55 decade that show how important this period was in determining the subsequent developmental pattern, were ascertained by compaing the regime's two Five Year Plans. Analysis of the FFYP showed it to be a programmatic expression of the attempt to forge an alliance between the industrial proletariat and bourgeoisie at the expense of the agro-exporting sector. With the favorable conjuncture gone, this attempt no longer proved tenable and the Second Five Year Plan (SFYP) expressed the regime's intended readjustments. The SFYP began to formulate a new relationship toward the landowning oligarchy and the bourgeois sectors involved in the production of durable and capital goods at the expense of the workers.

The policies of the fifties showed four determinative shifts which revealed the direction of the outcome of the transitional process under scrutiny:

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[1] See pp. 17-25 above, especially p. 22.

1. The cost of development shifted from the surplus generated by the rural sector to that created by urban labor
2. In addressing the dual contradictory development of industry, the nascent heavy and capital goods branches were favored over the light non-durable goods producing sector
3. Agricultural output was now promoted by providing material incentives to the oligarchy
4. There was movement away from the pursuit of economic independence and toward a greater role for foreign capital

In the industrial area the SFYP shifted priorities in economic policies away from promoting and catering to consumer aspirations to those emphasizing capital accumulation. The attempt was to develop productive forces within capitalist relations of production. Since the profit motive was recognized as the economic propellant, the gains of private owners were not held back while those made by the workers in the previous period of prosperity were reversed. By cutting back the acquisitive power of the workers, the domestic market for non-durable consumer goods contracted; and this spelled disaster for hundreds of marginally operating national enterprises fostered by Peronism in its ascendancy.

In its orientation toward foreign economic interests the SFYP prepared the ground for the entry of capital that was to lead to a dependent industrial economy a decade later. While it announced its continuity with the FFYP in its commitment to the liberation of the economy from the domination of external interests, the SFYP also called for an increased role for foreign capital, especially in the area of technology.

> It is the permanent objective of the nation to favor the international exchange of technical knowledge and to stimulate the entry of productive capital that desires to cooperate in the economic development of the country.[1]

By the mid-sixties, industrial activity was almost completely cominated by multinational corporations. This process had begun with the penetration and virtual take-over of the more technologically advanced and capital intensive branches of these firms. Moreover, it was the bourgeoise in this sector which provided the backbone for the "internationalized national bourgeoisie," the social foundation of the dependent industrial economy.

This analysis of the Peronist decade shows that populist-nationalism provided for the opening to foreign capital which subsequently reversed Peronism's efforts to free Argentina from dependence on external economic interests. The FFYP promoted the growth of industries under control of national capitalists. Economic policies never deviated from their commitment to development within the framework of capitalist social relations. The FFYP also promoted increased consumer demand by raising the acquisitive power of workers through redistributive measures. This increased demand was to be supplied by the expanding production of national capitalists. With an undeveloped capital goods sector, the immediate result was a tremendous rise in the volume of imported machinery and other inputs (mostly from the U.S.) needed for the production of consumer goods. The contradictions within the indirect dependency fostered by the FFYP could be contained so long as the favorable international context allowed the Peronist state's

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[1] Camara de Senadores de la Nación, Diario de Sesiones, dic. 20, 1952, 41a Reunion (continuación de la Primera Sesion Extraordinaria), p. 833.

I.A.P.I. to realize surpluses in the export of agro-pastoral commodities. But when the propitious conditions no longer held, it was not possible to both expand consumer demand as well as increase the volume of imported capital goods. The regime could no longer benefit both wings of the coalition it was attempting to forge. Being fundamentally committed to maintaining capitalist relations of production, the regime was compelled to opt for the bourgeois pole in its populist-nationalist formula. Though it sought to postpone a final reckoning, the thrust of the SFYP's policies amounted to restricting consumer demand and enlisting foreign capital in developing the capital and durable goods branches. The ultimate result was disastrous for national capitalists based in light consumer goods production; meanwhile multinational corporations came to dominate the capital intensive branches producing commodities for the upper income market and inputs for industrial production.

Peronist policies of the fifties showed an increasing affinity towards the interests of big capital and a willingness to sacrifice the interests of labor. Gains made by the working class in the first half of the Peronist decade began to erode. The cyclical downward trend in real wages and the upward trend in the cost of living can be traced to the second half of the Peronist decade. Nevertheless, it is important to note that though leaning in the direction of capitalist interests, Perón did his best to postpone a fundamental reckoning on the nature of his regime's social base. Indeed, the regime's indecisiveness precipitated its overthrow by the anti-labor components of the coalition Peronism was attempting to forge and hold together. The fact that the material gains made by the working class component of the Peronist coalition began to dissipate accounts for the growing disenchantment of

the proletarian sector and its unwillingness to rally to the regime's defense at its critical hour of need. Just ten days before his overthrow Perón turned down an offer made by trade union leaders to convert the national labor organization--the Confederación General del Trabajo (CGT)--into a civilian militia. Accepting this offer would have led the government in the direction of basing its power on the armed working class.[1] Perón's rejection and his increasing warmth to the imperialist interests[2] he had branded as enemies of the movement for economic independence and social justice were important factors in the workers' lack of enthusiasm in supporting "their" government. There is little doubt that a massive display of popular support as the coup against him began to falter, would have maintained Perón in office.

At the same time, the ambiguity and indecisiveness in Perón's stand towards labor and the fact that Peronism had to be overthrown to remove the remaining populist-nationalist encumbrances from policy-making, enabled Perón to retain his mystique as labor's champion. Policies attacking the workers' living standards and reversing their rising importance as a power factor within the institutions of the Argentine body politic, were not pursued unambiguously until after Perón's overthrow. It is important however, to note that

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[1] To have opted for a workers' militia would most likely have precipitated the final coup ten days early. Perhaps Perón would have been ousted from power at that point. However, the fact is that he was overthrown anyway. Given the initial faltering when the final coup did come, there is at least the possibility that decisive action at this point might have saved Perón. See pp. 324-8, above for more detailed discussion.

[2] As evidenced by the contract negotiated with Standard Oil of California in 1955. Previously, the state-owned Y.P.F. had enjoyed a monopoly on the extraction of oil from Argentine soil.

these trends were already discernible in the last years of Peronist rule. In this study's terms, it was a case of moving from quantitative to qualitative change.

Similarly, though the SFYP announced a more favorable orientation towards foreign capital, its massive penetration of the industrial sector was not fully consummated until the next period after the populist and nationalist vestiges had been forcefully removed. This too was a case of intensifying a policy direction to the extent that it redefined the relationships among and between local and foreign interests determining the subsequent developmental course. The close interconnection between the movement away from centering policy on labor's interests and towards one designed to attract foreign capital thus became clearer in the decade after Perón's overthrow. Paradoxically therefore, though the process commenced during the Peronist period, the fundamental link in Peronist doctrine between economic independence and social justice was fully confirmed by the experience of the workers in the following stage when the process of denationalization of the manufacturing sector assumed full force and the pattern of relationships providing the base for dependent industrialization was consolidated. The events following Perón's overthrow provided fertile ground for the nourishing of the Peronist mystique. Alternating bourgeois-military regimes were determined to keep the working class movement in line and systematically repressed any expression of its interests, whether political or economic. Strikes, which at times were frequent and intense, were put down by the army. Peronist candidates were not allowed to run for office, or when allowed to do so and elected, had the results of their election nullified. People remembered the "good old days" when their man was in the

Casa Rosada looking out for their interests, when one could easily find employment and make a decent wage.

The violent suppression of the interests of the working class also undermined one of the essential conditions for dependent industrialization, namely a certain degree of industrial peace and political stability, thereby leading to a fundamental contradiction within this stage. The militant tradition of the working class and the fact its former bourgeois allies joined in the ruling post-Peronist coalition, led the Justicialist (as the Peronist movement came to be known) movement in an increasingly revolutionary direction. Stripped of its bourgeois and military components, the Peronist movement turned into a workers movement. Left to their own resources, being the only significant opposition to the process of denationalization, and having to face the bourgeoisie economically and politically, the workers turned away from those aspects of populist-nationalism stressing the cooperation of all classes against the foreign-oligarchic enemy and towards an increasingly Marxist direction. Revolutionary Marxism began to make significant inroads into the Peronist movement. The concerted attack on the movement and the repression it was subjected to only strengthened it further as the only alternative to Argentina's profound crisis.

This is one of the key paradoxes this study seeks to elucidate: how the Peronist regime which in the fifties promoted a program in contradiction to its overwhelmingly working class social base, in the sixties turned into a vehicle for mobilizing the working class' opposition during the next developmental stage. Thus, even though the Peronist state acted as a kind of surrogate or substitute for a weak and non- self-conscious national bourgeoisie, it did so in contradictory ways as a

result of conflicting tendencies inherent in the regime's populist-nationalist doctrine.

Analysis undertaken in this study finds that Peronism's contradictory tendencies deriving from the class harmonizing thrust in its populist-nationalist doctrine, constituted the regime's major flaw. In assessing the shortcomings in the Peronist developmental model, these were not found to lie in the steps the regime took to confront the external pole in Argentina's dependency. Given the limited control it had over this area, the Peronist government moved about as effectively as it could. Indeed, the creation of I.A.P.I., liquidating the foreign debt and minimizing financial dependency, eliminating foreign control over the internal transportation network with the nationalization of the railroads and port facilities, the building of a strong Argentine merchant marine, all represented major achievements in the quest for economic independence. Argentina had never had greater control over its export structures. Peronism's basic weakness lay in its neglecting to alter the internal relations over which it could have wielded greater control.

This failure to decisively address the internal pole of Argentine dependency constituted the central contradiction in the Peronist developmental pattern. What began as a reformist attempt to set Argentina on the road to economic liberation, social justice, and political sovereignty, ended up with an Argentina even more closely integrated with the external economic interests it was supposed to free itself from. Though Peronism never lacked for revolutionary rhetoric, this analysis shows that its program, especially the readjustments signalled in the SFYP, proved inadequate in bringing about the internal trans-

formations which would have given the regime a better chance to withstand the outside pressures the Argentine economy was subjected to.

The final segment of the study applies the insights derived from the analysis of the Peronist period of the forties and fifties. According to the theoretical model from which I derived the analysis, unravelling the contradictions within Peronist development should provide an understanding of the particularities of the post-Peronist developmental pattern. Indeed, looking at the Peronist period as a transitional stage and analyzing the significant shifts among and between national and foreign groups encouraged by Peronist developmental policies reveals a process wherein the takeover of the industrial sector by foreign capital in the sixties is a logical outgrowth of the changes instituted in the earlier period. This study thus presents a picture which contrasts sharply with the commonly held view that considers the 1955 coup ousting General Perón as a watershed event in Argentine economic and political history.

The Peronist period contained within it both the material and social foundations for the next developmental pattern, the dependent industrial economy. A dependent industrial economy is defined as one in which 1) manufacturing is the predominant form of economic activity and 2) the industrial sector gravitates around the presence of monopolistic multinational firms. Implicitly, the function of a dependent industrial economy requires several conditions. Among the most important are:

1. Development of the industrial sector
2. Consolidation of a viable domestic market for consumer goods
3. Development within the framework of the private ownership of the

means of production and the social relations underlying it[1]

4. The general prevalence of industrial peace and a certain degree of political stability

The Peronist policies of the 1943-55 period succeeded admirably in achieving these results.

More specifically, comparing the interests promoted in the FFYP with those supported in the SFYP, the analysis found four determinative shifts in deciding the outcome of the transitional process toward dependent industrialization.[2] The study proceeds to show how these trends were consolidated in the decade following Perón's overthrow. The extent to which the directions already implicit in Peronism's policies of the fifties and the intensity with which these aims were pursued in the late fifties and sixties, represents another instance of quantitative change leading to qualitative change. The end result was a developmental pattern qualitatively different from that which prevailed in the Peronist years. The Argentine economy now gravitated around the activities of multinational corporations occupying the pivotal positions within the industrial sector.

Four factors were found to be critical during the transitional process in laying the foundations for the denationalization of the industrial sector. First, the capital goods sector assumed a central role in the industrial economy. Second, the extensive concentration of capital required to operate heavy industries made it difficult for

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[1] There may be, indeed more often than not there is, as the Argentine case illustrates, a significant state sector; but it is subordinated to the requirements of the private sector.

[2] See p. 39 above.

national groups to control the basic sector. Third, and most important, was the advanced technology required for producing sophisticated machinery and equipment.

Increasingly, since 1950 Argentine industry has become technologically dependent on U.S. corporations. It was through the more modern industrial sector that U.S.-based multinational interests began their extensive penetration of the Argentine economy, and it was the bourgeoisie in this sector who provided the backbone for the "internationalized national bourgeoisie." In this respect the Argentine case foreshadowed the experience of other Third World nations. Technological inadequacy has presented a formidable barrier less developed nations have had to confront in their efforts to break out of dependent relationships. As in the Argentine case, it has led to a restructuring of dependency rather than a radical change toward a developmental pattern based on the interests of the poorest sectors of the population.

These three factors should be conceived as necessary but not sufficient in leading to the denationalization of the industrial sector. This analysis found a fourth factor, the social relations promoted by Peronist policies, to have played the key role in undermining the Peronist program for the liberation of the economy from foreign interests.

The cases of the Soviet Union, China, Cuba, and others have shown the tremendous difficulties encountered in promoting a progressive growth model from an undeveloped or underdeveloped technological base. In this effort, in order to achieve the maximum degree of maneuverability and the greatest possible resistance to external influences, it was necessary to radically alter the social relations in the process of production. In the case of Peronist Argentina, by stressing the coopera-

tion of social sectors with diverging interests in the distribution of surplus value, the regime left the economic base of its enemies intact and it severely circumscribed its options by hesitating to mobilize its popular and working class base for the decisive confrontations which an alternative developmental strategy would have required.

The analysis of the process whereby the multinationals in alliance with domestic monopoly capitalists in the industrial area established themselves as the dominant presence within Argentina's economy shows that it was not without its own contradictions. The process was accompanied by a massive reallocation of income away from the lower income groups undertaken by the state. The workers reacted by clinging to Peronist doctrine as their link with the past when the government promoted their interests in its policies. The severe repression directed against Peronism backfired; it served to cement the workers' adherence to Justicialismo and to increase their combativeness.

On the other hand, the state's policies, particularly during the Onganía regime in the mid-sixties, succeeded in eventually driving sectors of the bourgeoisie back into the Peronist fold, thereby setting the stage for the brief return of populist-nationalism to state power in the seventies. Initially, in the 1955 coup the military had acted as an instrument of a bourgeois-oligarchic alliance against the working class side of Peronism's populist-nationalism. Though united in opposition to the industrial proletariat, the agrarian and industrial, and the national and internationalized sectors of the bourgeoisie also had diverging interests. Once the working class' interests were removed from official policy, their alliance fell apart on these internal contradictions in the course of the sixties. Particularly significant were

the policies favoring foreign capital which also hurt national entrepreneurs, finally driving them back into coalition with the workers in demanding the return of Peronism.

The contradictions in the process of dependent industrial development had left Argentina in a state of turmoil by the late sixties. Discontent was rampant and strikes, factory occupations, and urban riots were everyday occurences. The intensity of the economic and political struggles undermined the continuation of dependent industrialization. The industrial peace and political stability needed for this developmental pattern to function were being systematically eroded. Even the military was unable to achieve "normalcy." The social unrest the nation was experiencing seemed to everyone to be leading Argentina in a revolutionary direction. The need of the ruling groups to displace or reformulate the contradictions they could no longer contain was so great that they were willing to take a chance on Perón. "Perón is the only one who can quiet things down," was the statement heard frequently in business circles before 1973. In the end, after eighteen years of exile, Perón was called back as the only figure possessing sufficient legitimacy to reestablish order out of chaos.

The hopes that Peronism would bring labor acquiescence and political tranquility were short lived. The Peronist movement mirrored the contradictions in Argentine society and they were much too great even for Perón's consummate skills at incorporating conflicting sectors under the mantle of his mystique. The left of the movement had progressed increasingly in a Marxist direction and called upon Perón to lead the transition towards the patria socialista. The right, representing the movement's petty bourgeois sectors and comprising careerists

and political opportunists, seized upon the more class conciliationist elements in Justicialist doctrine--the "Third Position," the "Social Pact," and so on. The right, under the slogan of patria peronista, claimed it could achieve the transcendence of class differences, and of course class struggle, by providing all Argentines the opportunity to become "social entrepreneurs."

The second Peronist period, which lasted less than three years, was doomed from the very beginning. The events transpiring during the first hours Perón was back in Argentine territory indicated the extent to which the contradictions within Peronism had developed beyond the ability of its aging leader to control them. A jubilant crowd of 400,000 Peronists of all stripes had gathered at Ezeiza airport in June of 1973 to celebrate the return of the conductor. It was the largest mass gathering in Argentine history. The occasion which was supposed to mark Perón's triumphant return instead provided the background for a bloody armed confrontation between Justicialism's left and right wings. The encounter produced more casualties than all those killed by the repression between 1955 and 1973. Perón who was to arrive at the gigantic rally to a hero's welcome, instead had to have his landing diverted to a military airport.

Analyzing the second Peronist period with the same approach applied to analyzing the first period confirmed the validity of the study's methodology. The second period is analyzed as a modified version of the populist-nationalist formula promulgated in the forties and fifties. The attempt was to recreate a coalition of class interests around the regime similar to that which Perón had built some thirty years before. But while the configuration of external and internal

factors allowed Perón to balance-off contradictory interests for a decade the first time around, the different context of the seventies made the second attempt a more short-lived one, lasting from 1973 to 1976.

The analysis found two key factors which made the context which populist-nationalism had to address in the seventies very different from that which it confronted in the forties and fifties. On the one hand, the fact that the multinational corporate sector had become the dominant presence within the Argentine economy meant that the impact of external economic interests had been internalized much more directly and hence was more immediate and decisive. On the other hand, with a twenty-year experience of rank and file militancy and a developing political consciousness that recognized the primacy of the contradiction between capital and labor, the working class was a much more independent force and no longer as easily subject to centralized control and direction by the union bureaucracy. Perón was dealing with a qualitatively different working class from that of the forties when he tried to recreate in the seventies the fundamental alliance on which populist-nationalism rests or falls. Just as in the first period, it was the basic aversion to fundamental changes in the class structure that was responsible for the regime's demise.

At first the Justicialist government sought to promote the interests of the national bourgeoisie with its Three Year Plan (TYP). But whereas the national bourgeoisie could be considered an embryonic sector in the forties, by the seventies it was practically subordinated to the multinational sector and rendered virtually impotent. Thus while the interests of national entrepreneurs gained the upper hand in the policies of the regime for about the first half of the Peronist decade,

their ascendancy in the seventies was compressed into one year. The same dynamic observed during the first period was repeated the second time around. As the contradictions in its populist-nationalist formula intensified, the regime rapidly shifted its policies towards the capitalist pole of its worker-national bourgeoisie "Social Pact." The greater weakness of the latter and the stronger and more central position of foreign capital within the industrial economy meant a correspondingly faster acceleration in the abandonment of the measures protective of national capital and hence a more rapid policy reorientation towards the interests of the monopoly-multinational sector.

The comparative analysis concluded that the fundamental differences between the two periods involved the role of the working class both before the regime came to power and once it was in power. In the first period, Perón built and cultivated his ties to labor by using the resources at his disposal as Minister of Labor and Social Welfare. The workers played the key role in keeping Perón in power, as the events of October 17, 1945 dramatically illustrated; but they were not a factor in his original ascent to power. In the second period, the workers' struggle was the main force behind Perón's return to power; and their militance also provided the chief source for the undoing of the Peronist regime.

As the regime moved to promote the interests of the monopoly-multinational sector, working class living standards declined. The workers responded with increased strikes and job actions. Though it had depended on the workers' militance to get back into power, maintaining its ties to the bourgeois sectors now meant that the Peronist government had to suppress the left and the more revolutionary-inclined in

its own movement. In the three years it held power, the Peronist regime was responsible for killing more than twice as many leftist militants that were killed in the eighteen years of Peron's exile. However, rather than diminishing, the influence of the Marxist and Peronist left among rank and file workers reached new heights. Instead of minimizing class struggle though conciliation and harmony, as it had done during the first period, the regime instituted a vicious campaign of repression which, though it failed to stop the left, succeeded in isolating the regime from its strongest base of support.

Unable to stem the wave of strikes and job actions, or to erode the growing Marxist orientation among workers, the Peronist regime became superfluous and the military intervened to block the left from making further inroads into the working class. It was therefore Peronism's inability to control the actions of its working class sectors--which had taken the initiative in pushing Peronism's ambiguities in a socialist direction--that led to the decisive removal of populist-nationalism from the Argentine scene. While they had been passive participants in the regime's vacillating responses to the economic crisis of the fifties, it was the attempt of Peronism's proletarian militants to push the regime in a revolutionary direction that prompted the military to seize direct control on March 24, 1976.

The study concludes with a brief evaluation of the policies pursued by the military junta after 1976. Using the same conceptual and analytic categories applied throughout, this evaluation establishes the context within which Argentina's current democratic experiment is being conducted. Without pretending to offer predictions, the analysis aims to identify the key factors and significant issues in the present situation.

Immediately after the take-over, the junta announced a program which represented a clear rejection of the policy orientation introduced by Peronism which had predominated since 1943. Representing the traditional agro-based oligarchy, Economic Minister Martinez de Hoz sought to return Argentina to the role it played in the international system prior to the crisis of the thirties. In what amounted to the reintroduction of a modified externally oriented growth pattern, the principal axis of the nation's economic life was to be agricultural production for export and the chief beneficiaries were to be large landowners and, secondarily, foreign and domestic monopoly interests in the industrial sector. Indeed, for the first time since the forties, agriculture again represented the largest proportion of the Gross Domestic Product.

Naturally, such a major economic reorganization could not be carried out without drastic socio-political consequences. The junta's policies had a devastating impact on the popular sectors. In a half a decade the cost of living went from one end of the spectrum to the other, from being one of the cheapest in Latin America in the Peronist years, to being one of the most expensive. The social costs of its economic policies made the military dictatorship's campaign of annihilation against the left and its efforts to subjugate labor all the more necessary and ferocious.

Intending to bury all vestiges and encumbrances from previous developmental models in order to make a clean break and unambiguously institute the economic project of the landed oligarchy, the pursuit of whose interests was deemed to hold the key to viable economic growth, the military underwent the same experience it had gone through almost

exactly a decade earlier. Then it was the project of the multinational sector under the Ongania regime, but the contradictions set in motion had essentially the same result: the socio-political costs were so high that the regime soon found itself completely isolated without any base of support other than the narrow social layers whose interests were being doggedly enforced by the sword.

It was this extreme isolation, and the desperation it led to, that drove the Military into the ill-fated Malvinas episode. Sovereignty over the Malvinas is an issue close to every Argentine's heart since childhood. The generals reckoned that if they could succeed at what they thought they were best at, they could win the support for the regime that they were unable to gain any other way. When their crass attempt to manipulate patriotic symbols ended in ignominious defeat, not only had they lost their last desperate gamble, but they also squandered what little they had achieved economically by mortgaging the nation's resources to pay for the weapons of modern warfare.

Though the Malvinas were the final straw, it was the junta's economic policies which produced the social equation that eventually forced it to relinquish control to a civilian government. The dynamic paralleled that of the previous decade which had led to Perón's return to power. Though the bourgeoisie as a whole acquiesced in the severe repression of the working class, except for a narrow stratum, it soon found that its interests were being hurt by the developmental pattern set in motion with the junta's policies. Thus, once again all the significant social sectors stood on the outside available for mobilization against the regime. The outcome however, was very different from what it had been in 1973. The weakness and internal divisions among

the Peronists resulted in the election of the candidate of the progressive middle sectors. Though by a relatively narrow margin, Raúl Alfonsín of the Radical Party emerged victorious as Argentina's new president in December of 1983.

Who then are the major actors and what are the significant issues in the current drama? There is the traditional oligarchy which, though it has had its economic project discredited, still controls the means of production for what remains practically Argentina's only source for revenues on the world market. There is the multinational corporate sector which, though not as strong as in its heyday of the sixties, continues to be the major presence in the industrial sector. There are the foreign financial interests which have a gargantuan claim on any future prosperity Argentina might be able to muster. Though of negligible importance during the first Peronist period, foreign banks and international financial institutions have become a factor none of the other participants in Argentina's economic and political life can afford to ignore. There is the bourgeoisie which, though composed of diverse and often conflicting sectors, currently has more influence that it has had since the late fifties with at least some of its major interests being represented in the state. There are the Peronists who, though badly splintered, weakened, and lacking any charasmatic figure that can bring them together, still hold the key to the future viability of the Alfonsín government. The Peronist movement is made up of at least two wings. One contains the sectors comprising what can be termed "Official Peronism." These include the petty bourgeois elements, the professional politicians, and the trade union bureaucrats. The other wing is even more amorphous, but it is the heart

and soul of Peronism: the workers, the youth, and the rank and file militants. Though it lacks organizational expression, this grouping is not to be minimized as it continues to have the potential to make or break any economic and political project. Finally there is the military which, though clearly on the defensive and in the background for the moment, retains the capacity to impose its will through the force of arms, and will continue to do so until it is disarmed.

There are basically two critical and one very important subsidiary issue to be confronted by the new regime. The most basic issue is what economic direction will the regime chart and whose interests will receive primary consideration. A subsidiary issue of obvious importance is how will Argentina's indebtedness be handled? The other basic issue is how Argentina's rulers propose to come to grips with the legacy of the recent and not-so-recent past. Who is to be held accountable, and in what way, for the thousands of victims of political repression, is just the most dramatic manifestation of this issue. It also involves coming to grips with Peronism's contribution, past, present, and future. The relationships forged among and between the major actors as they confront these basic issues will determine Argentina's future course.

Many alignments among the major actors on these issues are possible. Though some may be more likely than others, it is impossible to anticipate which will emerge. At best, a detailed study of the type undertaken in this analysis of Peronism could clarify and perhaps narrow down possibilities. Hopefully, this study contributed to laying the necessary groundwork for such an endeavor.

To begin to answer some of the questions involved, it is necessary to work backwards. We must fill in the outline presented in this chapter. The analysis developed in the following chapters aims to unravel the complexities and paradoxes of the Argentine case. It offers an interpretation of Peronism that sheds light on the dynamic elements operative in Argentina's current drama. The best way to gauge the utility of the theoretical model applied here is to show its results. Let us see then, if this analysis of the contradictions within Peronist development succeeds in explaining the particularities of post-Peronist development.

CHAPTER II

ARGENTINA PRIOR TO 1930: EXTERNALLY ORIENTED GROWTH

Introduction

Following the theoretical model outlined above, the analysis begins with a brief examination of the externally oriented growth model which characterized Argentine development from about 1880 to 1930. The contradictions that evolved during this stage provided the dynamic context within which the industrial development of the Peronist period took shape. In this chapter I lay the foundations for the analysis undertaken subsequently by singling out the significant and determinative interrelationships within and between the internal and external groups most closely tied to the predominant types of productive activity in the formative stage of Argentine development. Remaining chapters will follow out the reformulation of these interrelationships as the process of economic development unfolded in order to show in what ways they shaped Argentine history. The analysis will concern itself primarily with how these interrelationships affected industrial development and particularly with the problems arising from the fact that industrialization took place in the context of an economy based on agricultural production for export. The result was a socio-political structure containing conflicting class and sectional interests.

In laying the groundwork for the analysis developed subsequently, this chapter begins by tracing the material basis for the relationship

between the landowning oligarchy and British commercial and financial interests. Referred to as the Anglo-oligarchic connection, this relationship proved decisive in determining the nature of Argentine economic and socio-political development during the first century of the nation's existence. This formative developmental pattern is shown to be a classic example of externally oriented growth--that is, development based on the export of rural commodities in exchange for the importation of manufactured goods.

The analysis of the externally oriented growth pattern examines the role of the state and the use of economic policy in consolidating the relationship between national and foreign groups controlling the predominant types of economic activity. Control of the state enabled these groups to formulate policies that further reinforced the ownership of the key means of production (land) by local groups while also strengthening the foreign, mostly British, domination of the economy's infrastructure--the structures involved on the one hand, in the processing, transporting, and financing of exports and, on the other, those in the importation, distribution, and sale of consumer goods.

The analysis shows the dependent features of the externally oriented growth pattern. There is first of all the direct correlation between the level of demand in overseas markets and economic well-being: the greater the demand, the healthier the economy and, conversely, a drastic downturn in demand has serious repercussions. Second, the foreign control of the export-import sector's infrastructure meant that development was guided and shaped by outside interests. For example, the British owned railroads were used to expand the market for English produced goods which in many instances led to the dismantling of local

industry. Another important aspect of externally oriented growth was the dependence arising from the reliance on external sources for technology. This factor played a key part in determining the outcome of the transitional process during the Peronist period.

The chapter shows the impact of externally oriented growth on Argentina's evolving class structure. At the apex, commanding all important economic, social, and political institutions, stood the oligarchy and those associated with foreign capital controlling the export-import, transportation, and financial sectors. Next come the middle layers of the social structure, shown to constitute a dependent bourgeoisie. With the availability of large surpluses realized during boom periods, the middle sectors were by and large incorporated as secondary beneficiaries of the externally oriented growth pattern. Finally, there are the groupings whose interests were largely excluded in official policy: on the one hand, a tiny, nascent national bourgeoisie centered around owners of establishments producing consumer goods for the domestic market, and on the other hand, the urban and rural working class along with the popular sectors in general.

Applying the theoretical model outlined in Chapter 1, this chapter looks at the factors responsible for shifting relationships between national and foreign groups which were subsequently decisive in determining future developmental patterns. The analysis traces the erosion of British hegemony and the growing influence of U.S. based interests to changes within the international system of the World War I era. The ability of U.S. heavy industry to technologically outstrip its English counterpart eventually altered the nature of the Argentine manufacturing sector. This chapter examines the manifestation of this

process in a the shifting pattern exhibited by Argentina's foreign trade. Instead of a two-way flow in the exchange of rural exports for industrial commodities, a three-way flow developed whereby Argentina had to realize surpluses in her trade with the United Kingdom in order to cover the deficits incurred with the growing volume of imports from the United States. This pattern became most pronounced during the Peronist period of the late forties and early fifties and had crucial consequences, as will be seen further on. It is important here to note the theoretical point that patterns which subsequently become determinative, take shape within the prior stage. In tracing the impact of changes on the international scene on the Argentine manufacturing sector, this chapter shows: 1) that the growing share of the U.S. in Argentina's imports was accompanied by expanding U.S. investments in industry, and 2) discusses the process whereby U.S. interests moved from being suppliers of imported vehicles and machinery as well as durable consumer and capital goods to becoming major producers within Argentina itself.

Finally, this chapter's analysis establishes another point of decisive importance in determining the outcome of Peronism as a transitional stage. The industrialization that took shape in the first decades of the twentieth century was one wherein two diverse sectors developed. The more modern branches using more sophisticated and technologically advanced machinery and requiring larger concentrations of capital per worker employed were those in which foreign interests took root. On the other hand, national entrepreneurs owned the many establishments producing with less machinery and capital per worker, indeed often approximating the artisan variety, with an output tending to consist of non-durable consumer and other wage goods.

Externally Oriented Growth in Argentina

From the beginning of Argentina's history as an independent nation, British interests played a central role. Earlier, Britain had attempted to supplant Spanish rule directly. The abortive capture of Buenos Aires was repulsed by a hastily thrown together Creole militia in 1806-07. This successful experience, without the aid of Spanish regulars, gave Porteños--as the inhabitants of the port city of Buenos Aires came to be known--the morale and confidence they needed to militarily defeat their Spanish rulers a few years later. Having failed to take over directly, the British shifted to indirect means to destroy Spain's hegemony in Latin America by aiding and abetting separatist forces financially and by providing them with war material.

The junta which took control represented the consolidation of the interests of Buenos Aires merchants over those of the producers from the interior. While the activities of the largely artisan and handicraft manufacturers of the interior were artifically shored up and depended on an elaborate system of imperial regulations and on the markets of Upper Peru, those of the Porteño groups tied to overseas trade had been ascendant and barely held in check by the Crown's officials. They had circumvented prohibitions through smuggling to the extent that it assumed major proportions in the economic life of the Viceroyalty in the last decades of colonial rule.

The conflict between the groups whose interests were tied to producing for internal markets and those linked to external trade, played a key part in the upheavals of the first half of the nineteenth century. The years between 1810 and 1880, often referred to by histor-

ians as "the period of anarchy," contained intense and frequently bloody struggles in which caudillos with bands of followers confronted each other in loose and shifting alliances, grouping and regrouping into confederations that vyed for national power. Nevertheless, with ups and downs, the externally oriented growth pattern was being gradually but steadily consolidated.

The material interests of the groups comprising the emerging ruling class were oriented to the exterior. On the one hand, there were those whose position rested on ownership of vast tracts of land which produced raw materials for export, first livestock and later wheat, corn and flaxseed. There were also those whose positions depended on the commercial structures of the export-import trade, who consequently favored the increased exchange of products from the pampas for commodities from the countries where the industrial revolution had taken root. Being intermediaries, merchant groups benefited from the lucrative trade which developed as a result of the fact that production cost advantages enabled European capitalists to undersell Argentine producers, in spite of the added costs of having to ship their goods for thousands of miles.

After 1810 the externally oriented growth pattern gained momentum with the expansion of trade based on the export of cattle for salted meat and hides. Foreign traders hastened this process through their incursions into export trade in the 1810's which eased out many of the native merchants. "Old merchant families, therefore, shifted their assets into land and cattle for the first time. Sons of colonial

merchant families became the new estancieros of the 1820's and 1830's."[1] According to James Scobie, the yearly slaughter of cattle for salted meat increased "from 7,000 head in the 1790's, to 60,000 in 1822, and to 350,000 by 1827." And, "in the decade following 1810 the revenues from the export of a million-odd hides had tripled."[2]

From this period on, the state became the pivot with which the emerging ruling class of landowning oligarchy and porteño merchants sought to consolidate their material position. For example, the government centered in Buenos Aires enacted regulations which confined the importation of goods to that port and its environs. The government also became an instrument used to promote the monopolization of landownership. Once they gained control of the state, the estancieros used it to award each other more land, thereby securing the sources of their power even more. In the 1820's for example, title to some twenty-one million acres

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[1]Jonathan C. Brown, A Socio-Economic History of Argentina, 1776-1880. (New York: Cambridge University Press, 1979), p. 147.

[2]James Scobie, Argentina: A City and a Nation (New York: Oxford University Press, 1964), p. 78. This section relies on Scobie's work. It provides a concise yet broad-ranging treatment that nevertheless does justice to the complexities of Argentine history. The following can be consulted on the rural sector and the role of agriculture in promoting the dependence of Argentina's economy on production for external markets:
Miguel Carcano, Evolución histórica del régimen de la tierra pública, 1810-16 (Buenos Aires: n.p., 1925).
H.S. Ferns, Britain and Argentina in the 19th Century (London: Oxford University Press, 1960).
Horacio Gilberti, Historia económica de la ganaderia argentina (Buenos Aires: n.p., 1961).
Jacinto Oddone, La burguecia terrateniente argentina (Buenos Aires: Ediciones Populares Argentinas, 1956).
Vernon Lovell Phelps, The International Economic Position of Argentina (Philadelphia: University of Pennsylvania Press, 1938).
Roberto Schopflocher, Historia de la colonización agricola en Argentina (Buenos Aires: n.p., 1955).
Peter H. Smith, Politics and Beef in Argentina: Patterns of Conflict and Change (New York: Columbia University Press: 1969).
Juan Tenenbaum, Orientación económica de la agricultura argentina (Buenos Aires: n.p., 1946).

of public lands was transferred to about five hundred individuals. The state thus gave away some 32,813 square miles, an area roughly equivalent to the New England states excluding Maine and Rhode Island. Juan Manuel de Rosas who as governor of Buenos Aires province became Argentina's de facto ruler, "himself magnanimously turned down the huge island of Choele-Choel in the [remote] Rio Negro Valley, which was offered to him by the Buenos Aires legislature after his Indian campaign, and accepted instead four hundred thousand acres [about 625 square miles] situated within sixty miles of Buenos Aires."[1]

It was under Rosas' (according to many, tyrannical) rule that the process of creating a landowning oligarchy and then converting it into the ruling class was consolidated. The loser was the sector among the Porteño mercantile elite which, like Bernardino Rivadavia, had favored a project for creating the material base for a yeoman-type democracy of small landholders through the distribution of parcels to European immigrants.

The state was also used as a coercive instrument to ensure the availability of the labor power needed by landowners. As the value of cattle increased, Argentina's legendary gaucho was transformed into a peon through stiff vagrancy laws that subjected anyone without legitimate employment on an estancia to imprisonment and a five year sentence at a frontier detachment. Interestingly, this process was carried on by Juan Manuel de Rosas, himself owner of the vastest tracts of land in his day. He was feared and despised by the Porteño upper class and loved and revered by the lower classes. Rosas used populist techniques to

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[1] Scobie, p. 79.

which Perón's efforts one hundred and twenty years later have often been compared. Thus, the famous quote attributed to Rosas:

> You well know the attitude of the have-nots against the wealthy and powerful. I have always considered it very important to acquire an influence over the poor in order to control and direct them; and at great cost in effort, comfort, and money, I have made myself into a gaucho like them, to speak as they do, to protect them, to become their advocate, and to support their interests.[1]

Shipping through the port of Buenos Aires in the nineteenth century reflected the increased Argentine demand for European goods as well as the growing volume of exports.[2] According to Scobie, the total value of imports from Europe doubled from 1860 to 1880.

> On the other side of the ledger, wool exports rose from an average of 7,000 tons annually in the 1840's to over 100,000 tons per year by the 1880's, by the latter decade contributing more than half of the value of Argentine exports. Cereals, frozen mutton and beef, and on-the-hoof shipments of cattle would soon swell this trade, but until 1880 the traditional products of wool, hides, and salted meat constituted more than 90 percent of the value of exports.[3]

By 1880 the relationships between national and foreign groups defining the externally oriented growth pattern had been firmly established. Local capital was concentrated on land and national groups thereby assured themselves ownership of the means of production for the economy's key products. By 1880 too, the role of foreign capital in Argentine development had become clearly defined. According to Jonathan Brown, "the importation of foreign capital, a rare phenomenon prior to

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[1] As cited in Scobie, p. 78, who is also the source for the data on land distribution and trade.

[2] Ibid., p. 108. Scobie states that 500 ships a year cleared Buenos Aires for European ports in the mid 1850's, while that number had increased to more than 4,000 by 1880.

[3] Ibid.

1860, became commonplace thereafter. British, French, and American financiers established themselves in Argentine banks with connections abroad."[1] Along with financial control, strategic investments assured foreign groups control over the nation's economic infrastructure: its transportation and communication network, the railroads and port facilities, the telephone and telegraph system, the electrical plants and gasworks.

By virtue of owning the railroad network, the port facilities, and (along with U.S. capital) the meat packing plants, the British controlled the base of the Argentine economy, the export sector. The fact that more than forty percent of all British investments before World War I in Latin America went to Argentina, gives some idea of the importance Argentina held for British investors.[2]

The dominant presence of the British in the export structures on which the Argentine economy rested does not convey the full extent of the dependency built into the externally oriented developmental pattern. Though national groups owned the means of production, their controlling position was undercut by their dependence on foreign sources for modern technology. This is an important point because, from the dependency theory point of view, the Argentine case represents the least dependent situation, being at the opposite extreme from the "enclave model" in which foreign groups own the means of production and control the processing and distribution structures for the export commodities on which the economy depends.[3] The fact that all modern technology was

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[1] Jonathan Brown, pp. 227-8.

[2] Ibid.

[3] Classic examples are copper in Chile, tin in Bolivia, oil in Venezuela, and bananas in Honduras.

in foreign hands played a key part in determining the course of Argentine development.

> Steam locomotives, rolling stock, and the iron rails over which the trains traveled came from abroad. At the turn of the century, Argentines were importing all their farm machinery, milling equipment, and steam engines. Natives neither manufactured modern equipment nor had the operating knowledge of the technical advances that stimulated their economy. Foreign technicians ran most of the railways and meat-packing plants.[1]

Despite agreement on the strategic position of foreign, primarily British, groups in its dynamic sector, there has been considerable debate on whether one should therefore consider the Argentine economy dependent or not.[2] Jonathan Brown for example argues against the applicability of dependency theory on the grounds that it was the growth of the export sector which promoted the development of the internal transportation network ("backward linkages") as well as the processing plants, port facilities, and so on ("forward linkages"). For Brown the development of these structures as such is the determining factor, not who controlled them or the fact that they were specifically developed to meet the needs of external markets. Similarly, the fact that manufacturing grew out of activities complementary to the export sector and that manufacturing therefore had its further development constrained by the needs of the groups controlling the export structures,

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[1] Jonathan Brown, pp. 227-8.

[2] Works applying dependency theory to Argentina are:
José María Rosa, Análisis histórico de la dependencia argentina (Buenos Aires: n.p., 1974).
Andrés M. Caretero, Orígenes de la dependencia económica argentina (Buenos Aires: n.p., 1974).
Juan Eugenio Corradi in Latin America: The Struggle with Dependency and Beyond (N.Y.: John Wiley and Sons, 1974), edited by Ronald Chilcote and Joel Edelstein, pp. 305-408.

does not present any fundamental problems for Brown. While Brown's analysis is relevant to dispelling simplistic notions of dependency, his failure to take into account the more sophisticated formulation of dependency theory leads him to overlook the importance of the relationships his own work establishes.[1] By applying the Cardoso and Faletto version, this study contributes to the debate on the applicability of dependency theory to the Argentine case by showing 1) that Peronism is best understood as an outcome of the contradictions resulting from an industrialization subordinated to the requisites of the export sector, and 2) that problems of dependence on external sources for modern technology played a key role in undermining the Peronist program for liberating the Argentine economy from foreign domination.

In a study which contains valuable information on how the United States deliberately set about to displace the United Kingdom as the hegemonic foreign power in Argentina, Carlos Andrés Escude specifically rejects the applicability of even the "more refined and sophisticated" Cardoso and Faletto version of dependency theory to the Argentine case. He states that "these authors do not seem to understand or wholly

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[1]Another analysis which argues against the applicability of the dependency theory framework to the Argentine case is that of Laura Randall in her An Economic History of Argentina in the Twentieth Century (New York: Columbia University Press, 1978). For example, she states that "since the domestic sector of the economy in the 1920's was about three times bigger than the export sector, and rose to about ten times bigger than the export sector in the post-war period, it would take considerable ingenuity to show that any other nation determined Argentine economic history during the past half century." (p. 5) Randall's quantitative focus is such as to exclude analyzing the nature of the relationships between the two sectors and of the groups controlling the predominant activities in each.

perceive the magnitude of Argentina's development during this period 1860-1950."[1] Unfortunately, in his haste to jump on the anti-dependency theory bandwagon, it is Escude who has not understood the contents of Cardoso and Faletto's writings. Like previous critics he has lumped their formulation together with other versions of dependency theory that do not account for "development." Escude ignores the structural element in Argentina's dependency. It is the structures connecting the locally dominant groups to foreign interests which insure external conditioning of the rate and direction of accumulation.

For Cardoso and Faletto the question is not whether "development" (in the sense of economic and social growth), distorted or otherwise, took place. Rather the question is what are the relationships forged among and between the foreign and national groups that in fact determined the type of development that did take place.

Escude faults dependency theory for not taking into account such variables as "international politics, geography, market size, international terms of trade, domestic policies," which, he says, "can be responsible, in different situations, for a shift in the type of peripheral insertion a given country is subject to."[2] Contrary to Escude's assertion, Cardoso and Faletto are indeed careful to include these variables in their analysis of shifts from one modality or pattern of dependency to another. As this study shows, far from an

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[1]Carlos Andrés Escude, "The Argentine Eclipse: The International Factor in Argentina's Post World War II Decline," Ph.D. dissertation (Yale University, 1981), p. 29.

[2]Ibid., pp. 39-40.

inability to explain or account for what Carlos Andrés Escude refers to as "the miracle of Argentine underdevelopment,"[1] only an application of the Cardoso and Faletto model brings out the underlying process in Argentina's failure to achieve self-sufficient growth, despite the auspicious beginnings of the forties.

To answer the question of whether Argentina should be considered an example of dependent development one must analyze the actual role played by foreign capital in Argentina's economic development. When foreign capital entered the Argentine economy it was not as much in a competitive capacity as it was a means of monopolizing the particular branch or sphere of economic activity in which it was invested. Moreover, this was usually accomplished with relatively minor investments which were used strategically, with the help of the local government, to incorporate national capital under the control of foreign concerns. This procedure is exemplified by the way the British took over existing railroad trackage built with Argentine capital and later obtained rather generous governmental subsidies and regulations for expansion which assured them a monopoly over the commercially profitable lines.[2]

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[1]This involves the dramatic decline from Colin Clark's 1942 projection wherein Argentina held the fourth highest per capita income in the world.

[2]This is the subject of Raul Scalabrini Ortiz's study, Historia de los ferrocarriles argentinos. Scalabrini Ortiz was one of the populist-nationalist ideologues whose polemics in the 1930's had a widespread impact in preparing the intellectual climate for Perón's policies a decade later. In his book he stresses how the British used the railroads as an instrument of their economic policy.

> It the English need flax, they will lower the rate for it and it will be sown. Economically (Argentine producers) will not be independent citizens; they will be colonial subjects of His Britannic Majesty. . . . The English will impede our spontaneous

The railroads played a key part in focusing the Argentine economy on the production of agricultural raw materials for export and in undermining national producers of manufactured goods by making cheaper goods from Europe and the United States widely available. "This competition forced local economies either to produce raw materials or to face gradual stagnation, with the accompanying drift of population toward the coast."[1] Buenos Aires became the terminus for all major railroad lines and thus secured its position as the center through which all of the nation's economic intercourse moved. By contrast with the European and United States railroad networks,

> the Argentine system developed without feeder lines or connecting links. Frequently the only way to move cross-country was--and sometimes still is--to take the train into the nearest port and then come out again on another of they system's spokes. Yet, since this method of transportation met the basic needs of an export economy, few roads, buses, or trucks penetrated beyond the urban radius until after 1930.[2]

The patterns of Argentine social and political life followed these lines of economic movement. Politically Buenos Aires became the undisputed center. After 1880 conflicts between social classes and economic groups took the form of struggles to control the national administration. Even wealthy landowners "established their center of operations, and often their homes, in Buenos Aires and soon lost touch with their provincial origins."[3]

> development, foreclose industrial possibilities, and maintain us in the state of agricultural and stock producers. (4th edition published in Buenos Aires in 1964, pp. 61-2)

As quoted by Mark Falcoff, "Raul Scalabrini Ortiz: The Making of an Argentine Nationalist" in the Hispanic American Historical Review 52 (Feb. 1972): 92.

[1] Scobie, pp. 137-8. [2] Ibid., p. 137. [3] Ibid., pp. 146-7.

Besides becoming the social and political center, and the indispensable link of the export-import trade upon which Argentina depended, Buenos Aires also attracted most of the country's manufacturing activity. The railroads continued to enlarge the internal market for all sorts of imported goods, from shoes to machines; but, simultaneously, a steadily growing portion of everyday needs were being supplied through the output of factories in Buenos Aires and Rosario, again to the detriment of local industries in the interior.

> The rise of processing industries on the coast was reflected even in the special cases of flour, sugar, and wines. Tariff rates helped the flour mills capture the internal market during the 1970's, and in the next decade sugar and wines gained similar protection. By 1910, however, another trend was becoming noticeable. Not only had modern flour mills, located in the coastal cities and controlled by European capital, put most of the small mills of the interior out of business, but mills in the city of Buenos Aires were conquering the markets of Santa Fe, Cordoba, and Entre Rios--all major wheat-producing provinces. In the sugar industry, although cane mills producing raw sugar remained clustered around the cane fields, the only major refinery was located at Rosario. Even the final processing of wines from Mendoza and San Juan was centered at Buenos Aires.[1]

It is important to keep in mind that industry in Argentina developed as an appendage to the agricultural sector. Raising cattle and growing wheat for export provided the axis around which the nation's economic life revolved between 1880 and 1930. The meat-packing plants, controlled by British and North American interests, and improved refrigeration techniques made possible the export of chilled beef--a product far superior to frozen beef in approximating the taste of fresh beef. With these improvements, cattle replaced sheep as the major livestock raised on the pampas.

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[1] Scobie, p. 146.

Cereals, which had represented a negligible share of agricultural exports before 1880, rose to total 50 percent of export values by 1900. "Between 1882 and 1895 cultivated acreage on the pampas increased fifteen times--to almost ten million acres." The exploitation of the pampas' resources was expanded and intensified such that "by 1910 the value of exports reached 390 million gold pesos, thirteen times the export trade of 1870."[1] The indelible stamp left by rural production on Argentina's export trade can be seen in Table 1.

Apart from the overall picture--the insignificance of manufacturing for external markets--two particularly striking contrasts emerge from these figures. The repercussions of the first--the dramatic decline in the value of exports following the international economic collapse of 1929--will be analyzed in the next chapter. The second--the highest percentage of non-rural exports taking place in the 1940-44 period--is critical to the major hypotheses explored in this study and will be covered in Chapter 4.

The extent to which the Argentine economy was centered on rural production becomes clear from contrasting the percentage contributed to the gross national product by agricultural activities, 37 percent by the beginning of the twentieth century, to the 14 percent contributed by manufacturing industries.[2] Moreover, as will be seen, the fact that the industrial sector developed as an appendage to the rural sector posed particular problems for the Argentine economy in confronting the crisis of the depression in the 1930's and the war years of the 1940's. "Industrial capital gravitated toward the processing of raw materials;

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[1] Scobie, pp. 119-20. [2] Ibid., p. 177.

TABLE 1.-- Argentine export trade by major products

Years	Annual Average Value (In Millions of Pesos)	Livestock Products	Agricultural Products	Other
1871-4	95	95%	-	5%
1875-9	106	93	2%	5
1880-4	139	89	7	4
1885-9	209	81	16	3
1890-4	233	66	29	5
1895-9	299	64	31	5
1900-4	499	49	46	5
1905-9	761	39	58	3
1910-4	980	45	51	4
1915-9	1,608	55	39	6
1920-4	1,897	37	58	5
1925-9	2,126	37	59	4
1930-4	1,340	35	60	5
1935-9	1,702	37	57	6
1940-4	1,847	56	26	18
1945-9	4,207	43	50	7
1950-4	6,077	48	43	9
1955-8	18,941	52	40	8
1959	78,377	53	43	4
1960	89,212	48	47	5
1961	79.640	54	40	6
1962	136,181	45	50	5

SOURCES: Dirección nacional de estadística (Buenos Aires), Boletin mensual; and FIAT, Oficina técnica. From Scobie, p. 277.

materials; half the capital and production value was concentrated in the food industries alone. By 1914 Argentine plants supplied 37 percent of the processed food consumed in Argentina, but only 12 percent of the metals and machinery and 17 percent of the clothing were locally produced."[1] Thus the production of such badly needed items as tractors, trains, electric generators and machinery in general was neglected; energy resources too, remained undeveloped. This meant that Argentina depended on her exports from the pampas in order to import not only capital goods and machinery and luxury goods, but also consumer goods which could have been produced locally. "A quintupling of imports in the two decades preceding World War I emphasized the degree to which European factories were called upon to supply the country's rapidly rising consumption."[2]

Externally oriented growth in the Argentine case meant dependency and not, as is often alleged, an interdependence resulting from Argentina's specialization and her role in the international division of labor. A North American observer, long before the advent of dependency theory, used its terms to describe the situation prevailing in the thirties.

> A relatively small group of agricultural products is exported to pay for a diversified list of imports. . . . When grains and meat are in demand, Argentina is prosperous; a cessation of this demand, and the effect is felt throughout the entire Argentine economy. The country's entire economic life has hinged upon the export trade; all branches of the national economy have been organized to promote that trade and its corollary, the import trade. Add to this the importance of foreign loans to Argentina, with their accompanying debt service, and the dependence of the Argentine economy upon international forces is clearly depicted.[3]

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[1] Scobie, pp. 177-8. [2] Ibid., p. 177.

[2] Vernon Lovell Phelps, The International Economic Position of Argentina (Philadelphia: University of Pennsylvania Press, 1938), p. 11.

More specifically, externally oriented growth in the Argentine case meant dependence upon the major external market for Argentine commodities, Great Britain. Writing about a later period, another scholar observed that

> when considering Anglo-Argentine trade, it must be remembered that the two countries have not suffered a mutual degree of dependence. While, during the earlier period, Britain might have been Argentina's major trading partner, Argentina never assumed the same function for Britain. Argentina was but one of many--admittedly an important one--of Britain's trading partners. For one or two commodities Britain might depend upon the Argentine source of supply, but in general she was less committed to one market or source of supply. Although this dependency has been reduced, Argentina still finds Britain a more important market for her produce than does Britain Argentina.[1]

Argentina's role in the world economy, becoming the major supplier of cereals and beef,[2] enabled her to become Latin America's economic and cultural leader. However, as Scobie notes, because of the disadvantageous position arising from the dependency built into Argentina's externally oriented growth pattern, she followed a very different path from that of the United States, a country Argentina resembled in many other ways.

> The structure of national prosperity and the elite class itself conspired to subordinate everything to the exploitation of the pampas. Railroads radiating from the ports drew the products of the pampas to the coast for rapid transit to Europe, but construction of roads and connecting railroad links was

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[1]Colin Lewis, "Anglo-Argentine Trade, 1945-65," in Argentina in the Twentieth Century (Pittsburgh, Pennsylvania: University of Pittsburgh Press, 1975) edited by David Rock, pp. 118-20.

[2]Phelps, pp. 134-6 and 141, offers these figures: between 1911 and 1934 Argentina supplied more than half of the world's total beef exports and about 95 percent of her total exports were agro-pastoral goods. In 1925 Argentina occupied first place in the world's exports of corn, oats and falxseed, and second or third in those of wheat and flour.

> neglected. One metropolis effectively monopolized all negotiations and decisions and served as the only connection to Europe. Mining or manufacturing activities not directly related to the pampas' agricultural primacy were abandoned. It was as if, long before the Civil War, the South had emerged as the dominant and only area of United States expansion, with its capital at Savannah or Charleston, an economy based entirely on cotton exported to British mills, and an oligarchy composed of plantation owners and merchants.[1]

Externally Oriented Growth and Argentina's Ruling Class

On the superstructural level, Argentina's externally oriented growth pattern took a form best described as the Anglo-oligarchic connection. The command posts of the nation's important economic and social institutions were controlled by the landowning oligarchy, those at the pinnacles of export-import structures, and British (and to a lesser extent, continental European) financial interests. The ideology of free trade and laissez faire expressed the mutual self-interest of these elites in the continued dependence on exporting agro-pastoral goods.

On the level of political power, the Anglo-oligarchic connection meant that representatives of the landowning oligarchy, of export-import groups, and lawyers for foreign enterprises occupied all important governmental posts. The pattern of foreign merchants establishing connections with influential Argentines had already been established since the time when the Porteño elite were severing their colonial bonds. For example,

> David Curtis De Forest, an American who gained his interest in the Rio de la Plata while smuggling, formed a partnership with Juan Larrea around 1810. Three years later his partner became Minister for Finance. When De Forest then formed a company with a close friend of Juan Martín de Pueyrredón, he obtained protection against Argentine merchants and received government contracts.

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[1] Scobie, p. 222.

> De Forest left Argentina in 1818, taking with him accumulated capital of 101,952 pesos, then equivalent to 27,840.8 in gold sovereigns. De Forest's practices were not unusual.[1]

For its part, the landowning oligarchy had already firmed its grip on the state apparatus during the first fifty years of the nation's life to such an extent that the period from about 1880 until the advent of Peronism, excepting the interlude from 1916 to 1930 when the Radical Party controlled the government, is usually referred to by Argentines as "the period of oligarchic domination." Oligarquia in Argentine popular and scholarly parlance refers to the landowning class and is distinguished from burguesia nacional, the latter group's interests being tied to manufacturing activity.

Ownership of the means of production in the rural area constituted the oligarchy's base and they controlled the state. "They appointed presidents and congresses from their own ranks with only a pretense at elections.[2] The major institution representing the agro-pastoral exporting interests, the Sociedad Rural Argentina (SRA), held a firm grip over the most powerful branch of the government, the executive. According to Peter Smith in his definitive study of the beef industry, more than half of Argentina's presidents between 1910 and 1945 were members of the highly elite SRA. More than forty percent of all cabinet posts were likewise held by influential SRA members. Moreover, they

> tended to control ministries of major importance, notably Foreign Relations, Finance, and military posts. . . . Perhaps the most pro-

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[1]Vera Blinn Reber, British Mercantile Houses in Buenos Aires, 1810-80 (Cambridge, Mass.: Harvard University Press, 1979), p. 64. This book provides an in-depth study of "the Anglo-oligarchic connection."

[2]Scobie, p. 173.

> vocative finding is that the Rural Society generally survived the vicissitudes of party politics. It was strongly represented in the cabinet before, during, and after the Radical administration of 1916-30. And the SRA even controlled 15 percent of all the seats in the Congress during these different periods. [1]

The oligarquía was a small, exclusive, and extremely cohesive group. "In politics as well as in society, this elite was far more united than any previous or subsequent ruling group." Scobie puts the composition of the oligarchy towards the end of the nineteenth century at two hundred family names totalling far less than one percent of Buenos Aires' population.[2] Scobie also points out that, though landownership remained the economic base for the oligarchy's power, many of its members were not in fact landowners and only a minority were cattlemen. "Commerce, banking, politics, and, increasingly, the processing industries built many family fortunes, and speculations during two economic booms created more financial empires than they destroyed."[3] Significantly however, many of these individuals bought land for its social prestige value.

Through its ownership of the land on which the major income producing exports were raised, government regulations in its favor, and its members' influential connections with export-import companies and banks, the oligarchy assured itself of the lion's share of Argentina's

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[1] Peter Smith, Politics and Beef in Argentina: Patterns of Conflict and Change (New York: Columbia University Press, 1969), p. 48. The best data on the SRA's presence within the government is in Jose Luis de Imaz, Los que mandan (Buenos Aires: Editorial Universitaria de Buenos Aires, 1968). On the SRA itself see Jorge Newton's Historia de la Sociedad Rural Argentina (Buenos Aires, 1966).

[2] Others give differing estimates but they all agree on the oligarchy's cohesiveness and that it represented a tiny fraction of the nation's population. See Ortiz below.

[3] Scobie, p. 172.

lucrative trade relations. The benefits were large enough to be spread to such groups within the middle sectors as the professional classes, lower level managers, teachers, government workers, and white collar employees in general. Indeed, the fruits of externally oriented growth were so plentiful in Argentina that its middle classes enjoyed one of the highest living standards in the world of the 1920's. Being junior benficiaries, instead of gravitating towards the national bourgeoisie interested in expanding manufacturing activity, as their counterparts did, for example, in the United States, these middle class elements participated in the externally oriented growth pattern in a subordinated capacity. The losers were the rural and urban working classes, tenant farmers, and small-scale industrialists and merchants.

According to Ricardo Ortiz, the relative proportions of the significant groupings comprising Argentina's class structure in the immediate pre-World War I period can be broken down as follows: the oligarchy (large landowners, bankers, large industrialists and high financiers) represented about 3.1 percent of the economically active population; the middle sectors broken down into two groups made up about 41.8 percent of the total--middle sized farmers, merchants, industrialists, and public administrators representing 13.6 percent of this figure and small and poor farmers, merchants, artisans and lower echelon administrators the other 28.2 percent; the proletarian and semi-proletarian class (seasonally employed and rural-to-urban immigrants) made up the remaining 55.1 percent of the economically active population.[1]

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[1]Ricardo M. Ortiz, Historia económica de la argentina, 1850-1930 (Buenos Aires: Editorial Raigal, 1955), 2:191.

The "Radical" Period of 1916-30

We have seen that the oligarchy's economic and social position as major landowner and the group at the apex of the social structure, depended on the uninterrupted flow of agro-pastoral commodities to the exterior and the corresponding reflux of manufactured goods. It is therefore not surprising that after two decades of pressure from the middle sectors supported by a few abortive coups, the oligarchy moved to coopt this potential threat at a time when its socio-economic position was most secure and it could afford to share political power. With the ascent to the presidency in 1910 of the leader of its reform wing, Roque Saenz Peña, the oligarchy laid the groundwork for this cooptation of the middle class. After a bitter fight in congress, Saenz Peña succeeded in having the law which mandated the secret ballot and universal male suffrage enacted in 1912. This law, which subsequently bore Saenz Peña's name, made possible the election to the presidency in 1916 of Hipólito Yrigoyen, whose Radical Party had openly appealed to the middle sectors for support.

The liberal-reform fraction of the oligarchy chose a propitious time for its cooptation of the middle sectors. On the one hand, the oligarchy's control over the means of production (landownership) and its linkages with the foreign interests participating in the exploitation of Argentina's wealth were secure in the global order of the twenties. On the other hand,the middle sectors inducted into the state's machinery did not represent dynamic groups pressing for changes in the relations of production and thus posed no internal threat. Rather than representing an aspiring industrial bourgeoisie pitted against formerly dominant rural barons, the Radical Party represented those who had a stake in

preserving the on-going relations of production based on agro-pastoral production for export. The state became a vast patronage machine, a source for income from thousands of bureaucratic jobs, and thus a means for increasing the participation of the middle sectors on the consumer side, not the creation of wealth side of the reproductive cycle.

Opening the doors of political system to the middle class reinforced its stake in the system. At the time, the working class was beginning to emerge as a significant factor. Under the influence of immigrant workers, a militant anarchist movement had led various strikes. And, while they had no intention of overhauling the system, the middle sectors nevertheless wanted a larger share of the spoils derived from agricultural surpluses and expressed their dissatisfaction by fomenting discontent in the universities and the military. A linking up of middle class discontent with the workers' unrest might have undermined the social relations on which the oligarchy's economic and social position rested. The Radical Party changed from being one of the chief instigators of the political instability to being the main instrument for curbing that instability.

Yrigoyen thus came to power with "a conditional mandate to rule circumscribed by two central objectives: the preservation of the elite's economic position and the elmination of popular unrest which had led to previous political instability. He was thus to placate the middle class and the working class, but at the same time to perpetuate the economic system which underlay their expressions of discontent."[1] The Radicals were able, for the most part, to fulfill this contradictory mandate

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[1]David Rock, "Radical Populism and the Conservative Elite, 1912-30," in Rock, p. 74.

because of the exceptionally favorable circumstances for Argentina's export oriented economy prevailing on the international scene from the post-World War I years up until the 1929 crash. In much the same way, as will be shown subsequently, Perón was able to implement policies containing implicit contradictions because of favorable international conditions. Another parallel between the Yrigoyen and Perón regimes lay in their populism. A contemporary newspaper account (La Epoca on January 11, 1920) characterized Yrigoyen's style and impact in these terms:

> In assiduous and direct contact with the People, and with the progressive activities of the Nation, President Yrigoyen, the true democrat, has managed to win something which the presidents of the class [the Oligarchy] were never able to win--the love and confidence of the citizenry.[1]

Yrigoyen often projected himself as a symbol of national reconciliation and he undoubted enjoyed widespread popular support. Perón too showed these features some two decades later. In fact, on more than one occasion he legitimated his rule by alluding to its being a direct continuation of Yrigoyen's politics.

Though the use of populism to obscure class contradictions and deflect conflicting interests within the movement itself were common to both Yrigoyen and Perón, the class bases of these regimes made them two very different and distinct phenomena. In the first place, Yrigoyen's populism towards the working class remained largely on the level of rhetoric. Though his government occasionally engaged in interventions into strikes favorably towards the workers, and passed some favorable legislation, it did not go much further in protecting working class interests. It certainly did not, as Perón's government did, rest on the working class as its social base of support.

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[1]Quoted in Rock's "Radical Populism," p. 74.

In fact, in January of 1919, during what became known as la semana trágica, Yrigoyen's government participated in one of the bloodiest massacres of working class militants in Argentine history. In the second place, the middle sectors tied to externally oriented growth in a dependent capacity, constituted the Radical Party's social base and were the same sectors that represented Perón's most vehement opposition. Whereas Yrigoyen's government represented the dependent middle sectors, Perón's policies incorporated the interests of an emerging national bourgeoisie.

Paradoxically, as will be shown in the next chapter, forced to make adjustments in the face of the disruptive impact of the world depression of the thirties on externally oriented growth, the oligarchy increased the presence within the Argentine economy of industrialists and other sectors oriented towards the internal market. In sharp contrast to the 1930-43 period when the oligarchy resumed its direct control of the state, the Radical governments of 1916-30 which espoused the interests of the middle and popular sectors, did almost nothing to promote or even protect the position of the embryonic national bourgeoisie. In the 1920's tariff rates protecting national industry declined to their lowest levels in half a century[1] and this was also the decade when the exportation of agricultural raw materials in exchange for imported manufactures reached its zenith. In fact, the Radical Party's policies were quite consistent with its social base--middle sectors who had been incorporated into the externally oriented growth pattern as junior partners.

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[1]Scobie, p. 182.

The repercussions of the international economic crisis ushered in with the 1929 collapse, as we shall see in more detail in the next chapter, led the oligarchy to abandon the experiment with free and honest, democratic government. Though the severe interruption in Argentina's external trade did not directly threaten the oligarchy's ownership of the key means of production, the internal impact--the cutting back of production on the land and rising unemployment in the city beginning with food processing related industry, as well as the falling levels in the middle sectors' acquisitive power resulting from the shrinking of the wealth available to be spread about--did threaten the reproduction of traditional economic relationships. The oligarchy's response was to seize the state with the coup of 1930 and thus use naked political power to protect and strengthen its position. In the period between 1930 and 1943 which became known in Argentine history as "the infamous decade," the secret ballot was replaced by the stuffed ballot box, as the fledgling democratic practices were thrown overboard in favor of the time-tested techniques that guaranteed the oligarchy control of the state. These techniques are aptly conveyed with the term coined by the oligarchy itself during those years , "the patriotic fraud." That is, there was only a pretense at elections and their obvious rigging was justified with pride by saying this was necessary in order to protect the best interests of the nation. In much the same way, far from being ashamed, Argentina's military rulers in the late seventies justified the most brutal acts of repression as the carrying out of their patriotic duty.

British Hegemony Over Argentine Development and the United States' Challenge

Up until World War I Great Britain was the center of the world economy and, more than any other country, it was the outside pole in Argentina's externally oriented economic development. Britain's position rested on its role in the international division of labor based on specialization and trade. England became the world's workshop, specialization and trade. England became the world's workshop, importing raw materials and exporting manufactures. Thus it has been estimated that at the height of its supremacy, around 1870, British industry produced one third of all manufactured goods in the world. On the other hand, as the factors of production were shifted from agriculture to industry, Britain came to rely more and more on imported raw materials and foodstuffs. This became particularly evident after the abolition of the corn laws. By 1870. half of the flour and wheat consumed in England was imported, and beef commenced to be an important import.

The material base that enabled Britain to achieve indisputable preeminence in the international economy of the day also contained the sources for its erosion. Its industrial supremacy had rested primarily on textiles (cotton based) and steel. Around 1870 four fifths of Britain's exports consisted of these types of goods. After that date British hegemony was increasingly squeezed by the newly rising industrial powers, particularly Germany and the United States. Faced with this challenge, the English fell back on the economic links they had forged with their colonial possessions and other spheres of influence. Thus in 1913, Argentina and India alone bought more iron and steel from the

English than all of Europe did. The proportion of Britain's exports to countries and territories within its imperial orbit shows how important they were to the English economy. This proportion rose from 25 percent in 1870 to about 40 percent in 1913.[1]

The relative descent of British exports and its rising imports brought about a constantly growing deficit in its visible commerce. These however, were more than compensated for by favorable balances in its invisible commerce. Incomes derived from shipping, insurance, banking services, and above all dividends and interests on foreign investments rose consistently throughout the nineteenth century until the First World War. The problems this might have caused the international system were avoided through the increasing rhythm of foreign loans. Thus it was not so paradoxical that as the competitive capacity of its exports fell, Britain's importance as the world's financial center grew. Between 1870 and 1914 British investments overseas increased from 700 million to 4 billion pounds. London became the largest source for finance capital in the world. In 1914 these investments were equivalent to the combined foreign investments of Germany, France, Belgium, and the United States.[2]

In the end what proved pivotal in Britain's displacement from the center of the global economic order was the fact that it was outstripped technologically in the capital goods sector.

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[1]These figures are from the source this analysis paraphrases: Pedro Skupch, "El deterioro y fin de la hegemonia británica sobre la economía argentina 1914-1947," in Estudios sobre los orígenes del peronismo (Buenos Aires: Siglo Veintiuno Editores, 1973), 2: 6.

[2]Ibid., pp. 8 & 5.

> In 1913 British exports of machinery represented 30 percent of the total exported by the seven major exporting countries in this category, those of Germany amounting to 32.5 percent and those of the United States 25.9 percent. By 1926 her participation had fallen to 25.6 percent as opposed to the 37.6 percent from the United States and the 23 percent from Germany. The United States had displaced Great Britain as the world's foremost exporter of machinery.[1]

It is not surprising that New York began to replace London as the world's financial and commercial center during the 1920's.

Latin America played a crucial part in maintaining British hegemony over the international order of the nineteenth and early twentieth centuries. The United Kingdom's trade with the area never fell below 10 percent of Britain's total overseas trade after 1840. Moreover, from the end of the century until the First World War, Latin America was one of the most important areas for English investors. In 1913 Great Britain had one billion pounds invested in Latin America, one fourth of all her foreign investments. Compared to the 350 million pounds in French investments that year and the 250 million in U.S. investments, Britain easily occupied the foremost position among the foreign investors in the area. It can even be said that in the mid-nineteenth century, Latin American markets saved Britain's industry which was based on the export of cotton textiles. In 1840, Latin American markets absorbed fully 35 percent of all British textiles shipped abroad.[2]

Within Latin America, British interests were oriented towards South America and focused particularly on Argentina, Brazil and Chile which together in 1913 accounted for 67 percent of Britain's Latin American investments and 72 percent of its trade with the area.[3] Of the

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[1] Skupch, p. 11. My translation. [2] Ibid., p. 13.

[3] Ibid.

three, Argentina held the most prominent position for British interests. This is not surprising given that, until the thirties, Argentina took up the lion's share of South America's economic activity, as Table 2 shows.

TABLE 2.-- Argentina's economic importance relative to the rest of South America

Activity	Percentage of all South America
Exports, 1932	41
Imports, 1932	47
Total Foreign Trade, 1932	43
Railroads, mileage, 1930	40
" , freight tonnage, 1930	40
" , passengers carried, 1930	44
Automobile vehicles, 1935	55
Petroleum consumption, 1935	50
Telephones, instruments, 1930	49
Telephones, messages, 1930	35
Radios, 1930	66
Postal Service, pieces of mail, 1930	63
Educational expenditures, 1930	65
Print paper consumed, 1924	57
Telegrams sent, 1930	60

SOURCES: Revista de economía argentina (Buenos Aires) 35, (April-June 1936): 47-9. George Wythe, "Manufacturing Developments in Argentina," Trade Information Bulletin (Washington, D.C.: Bureau of Foreign and Domestic Commerce, p. 34): no. 820; H.K. Norton, The Coming of South America (New York: n.p., 1932). From Phelps, p. 11.

Argentina represented Great Britain's most important market in the Latin American area, absorbing in 1913 and 1927 44 and 46 percent respectively, of its exports to the region. Nevertheless, it is important to note that the overall trend was one of stagnation, with Great Britain's exports increasing only 6 percent during these years while those from the United States increased 142 percent.[1] After World War I, simultaneously as the United Kingdom became the critical market for Argentine beef, Britain's role as a provider of goods decreased while imports from the United States were on the rise. The European conflagration of 1914-18 marked the beginning of the shift away from England's hegemony over the Argentine economy towards that of the United States, a shift which was not consolidated until the late 1950's.

The shift toward the growing importance of U.S interests in the Argentine economy began in World War I, gained momentum in the twenties, suffered a setback in the thirties, and regained its momentum in the post-World War II era. In Argentina's external commercial relations this shift was manifested by the trend showing a growing proportion of exports to Great Britain while imports from the United Kingdom declined and, simultaneously, those from the United States increased. Analyzing a set of trade figures similar to those in Table 3, Eduardo Jorge concludes that before the First World War almost half of Argentina's imports came from continental Europe,[2] while 35 percent came from

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[1] Skupch, p. 16.

[2] Interestingly, he points out that Germany alone surpassed the United States in this respect in the pre-World War I era, a position it never recovered after its defeat.

Great Britain and 15 percent from the United States.

TABLE 3.--Proportional participation by the United Kingdom and the United States in Argentina's exports and imports

	Exports to (percentage of total)		Imports from (percentage of total)	
	U.K.	U.S.	U.K.	U.S.
1910	21.8	6.8	31.1	13.8
1919	28.7	18.4	23.6	35.5
1927	28.2	8.3	19.4	25.4
1936	35	12.2	23.6	14.4

SOURCE: Revista de la economía argentina 39 (Oct. 1940): 304-5. From Colin Lewis in Rock, p. 115.

In the twenties, given the tremendous increase in the volume of Argentina's exports, her imports from all sources rose. However, in 1929, while imports from the United States quadrupled, those from the European continent did not quite double and those from England increased by less than 40 percent. Jorge estimates that immediately prior to the international economic collapse of 1929, 26 percent of Argentine imports came from the United States, 17 percent from Great Britain and 30 percent from continental European countries.[1]

With the exception of the World War I and World War II years and a short period between 1936 and 1938 when the U.S. market was briefly opened to Argentine corn, Argentina has consistently realized deficits in its trade with the United States. The three-way trade pattern where-

[1]Eduardo F. Jorge, Industria y concentración económica (Buenos Aires: Siglo Veintiuno Editores, 1971), pp. 83-5.

by Argentina had to realize favorable balances in her trade with England in order to cover her deficits with the United States--a pattern which as will be seen had a profound impact on Peronist industrializing efforts--became the most pronounced trend in Argentina's external commercial relations in the decade of the twenties. Thus while Argentine exports complemented European needs, the United States' agricultural sector was not only capable of satisfying its domestic market but also competed with Argentina on the world market. That is why the United States' trade orientation towards Argentina has always been one of a seller rather than a buyer. Even in that brief period when Argentina had a favorable balance of trade, it sent only 11 percent of its thirteen principle exports to the United States in 1937-8.[1]

The tripartite trade pattern of the 1920's expressed Argentine dependence on exports to the United Kingdom in order to cover growing imports from the United States, as shown in Table 4.

TABLE 4.--Balance of payments in commodity trade with U.S., U.K. and other countries (millions of gold Pesos)

	1919-20			1921-30			1913-34		
	U.S.	U.K.	Others	U.S.	U.K.	Others	U.S.	U.K.	Others
Exports	993	1,733	2,375	769	3,000	4,644	131	1,161	1,041
Imports	1,077	885	1,504	1,826	1,618	4,253	249	409	1,111
Surplus:									
exports(+)		+848	+871		+1,391	+391		+752	
imports(-)	-144			-1,057			-151		-70

SOURCE: Phelps, p. 190.

This shift toward the increasing importance of the United States in Argentina's external commercial relations was accompanied by the con-

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[1]Silvio Frondizi, La realidad argentina (Buenos Aires: Editorial Praxis, 1957), 1: 123.

sistent rise of U.S. investments within the Argentine economy during the twenties. Though Argentina was an important market for U.S. produced goods prior to 1914,[1] Argentina only absorbed about 3.2 percent of the United States' Latin American investments before the First World War.[2] By 1929 Argentina took in 11 percent of the United States' investments in Latin America and registered the highest increase in U.S. investments in the area after Venezuela.[3] Concurrently, British investments remained more or less stable. Table 5 provides an idea of the magnitudes involved.

TABLE 5.--Foreign capital invested in Argentina (millions of U.S. dollars)

	1913	1918	1926	1939
Great Britain	1861	1900	2100	1698
France	450	400	425	250
Germany	220	250	375	350
U.S.A.	40	100	600	619

SOURCE: Luis Sommi, Los capitales yanquis en la argentina (Buenos Aires: Editorial Monteagudo, 1949), as cited by Silvio Frondizi in La realidad argentina (Buenos Aires: Empresiones El Sol, 1960), 1: 120.

Though comparatively less important than British investments, United States investments showed the most dramatic increase in the twenties and, significantly, were the only ones to increase between 1926 and 1939. By excluding the British-owned railroad system, Table 6 shows the comparative gain in U.S. investments even more dramatically.

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[1] According to Skupch, p. 25, 21.4 percent of the United States' exports to Latin America found their way to Argentina.

[2] Ibid. [3] Ibid., p. 26.

TABLE 6.--British and U.S. investments in Argentina in branches other than the railroads (millions of U.S. dollars)

	1913	1917	1923	1927	1931	1934	1940	1945
U.K.	823	820	772	815	714	705	624	405
U.S.	39	82	193	487	654	743	629	565

SOURCE: Economic Commission for Latin America, "El desarrollo económico de la Argentina" (Santiago, Chile: mimeographed version, 1958). From Jorge, p. 91.

From this data Eduardo Jorge concludes that the pattern is one wherein U.S. investments doubled through 1927 and by 1931 were practically equal to England's. Meanwhile, Britain's investments suffered declines resulting from the impact of the war from which they recovered by 1927, only to decline consistently after the 1929 crash.

In 1907 U.S. capital began to make its presence felt within the Argentine economy in the meatpacking plants. The real upsurge in U.S. investments took place during the years of the First World War and in the following decade. Initially subsidiaries of U.S. firms were established largely in the area of extractive activities; for example, the International Cement Company and Standard Oil were set up in 1917. In the next decade, along with the increase of machinery and automobile exports from the United States, plants dedicated to the assembly of these imported parts were founded: Ford Motors in 1922, General Motors in 1925, Otis Elevator in 1927. "By 1933 manufacturing and processing facilities for some thirty-one enterprises had been established; among them three of the big meatpacking plants, the largest automobile and tire companies, two major utility companies, and the biggest producers

of petroleum, mineral, and farmaceutical products and materials for construction."[1]

By concentrating on meeting a demand for goods which Britain did not supply because it had been outstripped technologically in their production, U.S. interests began to undercut the British position within the Argentine economy. North American companies made inroads through the increased sale of products requiring some form of after-sales service, especially cars and other consumer durables. This promoted direct dealing between manufacturers and retail distributors and thereby undercut the British monopoly based on export-import agencies. U.S. firms also advertised heavily to enlarge their market, something the British had neglected because of their past secure position. And, most significantly, U.S. interests began their assault on what had been the backbone of Britain's position within the Argentine economy, their control of the transportation network.[2]

U.S. investors began to buy shares in the British railroads. This provoked a reaction from the directors who feared the loss of control and who were also concerned that business might be diverted away from the English companies providing material for the railroads. In May of 1929 the British Ambassador made the following statement about the railroads:

> I look upon them as the mainstay, the backbone of our whole position out here. If they go, we all go. Their loss would be a death blow to us out here and a serious one to our industry at home of which they are loyal supporters.[3]

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[1]Skupch, pp. 25-6. He cites Dudley Maynard Phelps, Migration of Industry to South America (New York: McGraw-Hill, 1936), p. 293.

[2]Paraphrased from A.G. Ford, "British Investment and Argentine Economic Development, 1880-1914" in Rock, pp. 46-9.

[3]Cited by Ford in Ibid., p. 51.

Recognizing the threat of being taken over, in the same month of 1929, the Buenos Aires and Pacific changed its by-laws so that non-English or Argentine shareholders were not allowed to vote. The other railways soon followed suit, some allowing Argentines or non-English to vote, but limiting the total number of shares they could hold to 20 percent.[1]

The most serious assault on Britain's strategic position in the transportation network took place with the massive influx of motor vehicles which were soon to take an increasingly larger volume of passengers and freight from the railroads. Between 1920 and 1930 Argentina imported almost half a million vehicles, both cars and trucks. Almost all of them, 95.8 percent, came from the United States. According to the U.S. Department of Commerce, in 1929, the year which showed the highest volume of exports for the decade, Argentina was the second largest market for motor vehicles after Canada.[2]

The process involving the automobile companies exemplifies the pattern whereby United States groups challenged Britain's hegemony over the Argentine economy. First, they met a need which English imports did not supply. Second, their products required a servicing network which only the U.S. parent company could furnish. And, finally, the transition from importation of the finished product to that of parts and local assemblage was an easy one. The increased presence of U.S. interests in the Argentine economy was accompanied by the extension, and gradual change in the nature of the manufacturing sector. U.S. interests thus increasingly undermined what had been the foundation of

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[1]Skupch, pp. 26-7. [2]Ibid., p. 28.

the Anglo-oligarchic connection: a limited manufacturing sector[1] and moreover, one tied to agricultural activity and relying primarily on rural goods as the main inputs.

In that it promoted manufacturing geared to the domestic market rather than export and, moreover, industrial activity not tied to the agricultural sector, U.S. capital ran counter to, and threatened the traditional arrangements which underlay the externally oriented growth pattern. By way of summary, the major factors involved in the displacement of Britain's hegemonic role by U.S. interests can be outlined in the following manner.[2]

The economic relations between British capital and the oligarchy controlling rural production were based on the exchange of commodities: foodstuffs in exchange for manufactures. As this relationship matured, British investors turned to activities that complemented the extraction and transportation of the products Britain needed and which, at the same time, facilitated an increase in the demand for manufactured goods, and in the satisfaction of this demand. Thus, the British-owned railroad system, the meatpacking and freezing plants, streetcar repair shops, port facilities, and public utilities such as electricity, gas, and sanitation. This process itself led to a greater demand for industrial products, most immediately those required by the development of public

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[1] In the 1910-14 period, the contribution of the manufacturing sector to the gross domestic product amounted to about 11.5 percent. Ford in Rock, p. 33, citing figures from Diaz Alejandro.

[2] The "ideal-type" paradigms that follow are paraphrased from Silvio Frondizi, pp. 132-4. The author makes it clear that he is extrapolating the principal features that distinguished British from U.S. investments in their "pure form" from a complex reality.

works and utilities. The process also produced a dependence on the importation of coal and the materials required for the construction and operation of the railroad network. Additionally, the process involved measures that favored the financial interests of British investors, for example, their control of many of the major commercial and banking institutions.

The solidity of this Anglo-oligarchic linkage began to be shattered in the twenties and thirties as a result of a complex of factors, among which was the fact that Great Britain was outstripped technologically, losing thereby her global monopoly of heavy industry and the production of machinery. In addition, as a result of concentrating on the export of finished consumer goods, British investors paid little attention to the development of Argentine manufacture.

It was in this area that North American investors, concentrating as they did on the migration of industrial plants, found the weak link. Moreover, North American interests, in their corporate form, had certain distinct advantages over their British counterparts: 1) proximity to the domestic market and therefore greater flexibility in responding to and creating local demand, 2) the capacity to use cheaper labor power and, 3) during the war, a sanctuary from the ravages of the battlefield. In brief, Britain's position suffered from the development of local industry, while that of North American interests gained from a certain type of industrialization.

Industrialization During Periods of International Crisis

In discussing the externally oriented growth pattern in Argentina and the contradictions developing within it, this chapter showed how Argentina's class structure developed in the context of the nation's

economy and its role of providing foodstuffs to major industrial centers overseas. The analysis also covered the changing economic relationships on the international scene and the weaknesses within Argentina's externally oriented growth pattern that led to the growing shift from Great Britain to the United States as the dominant external pole in Argentine development.

In accordance with the analytical framework of dependency theory outlined at the end of the last chapter, this chapter has shown shifts within one pattern which were to become decisive in determining the next developmental pattern. The next chapter will turn to the first stage of the transitional process itself. The point here is that the shifts which became pronounced in the transitional process between externally oriented growth and dependent industrialization, were already taking shape within the prior period.

In discussing the growth of manufacturing activity during the First World War and the twenties, this chapter covered another important theoretical point raised in the previous chapter. It will be recalled that the second of four conditions mentioned for the successful emergence of a transitional period was that the infrastructure necessary for the new pattern must have been developing within the prior stage.[1]

The next chapter focuses largely on the internal contradictions following upon the international economic collapse of 1929. Thus it deals with the second part of the first condition for the emergence of a transitional period: that the repercussions of the crisis must be pro-

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[1] See p. 24 above.

found enough to throw into temporary disarray the alliance of domestic and foreign groups controlling the productive and marketing structures. The first part of this condition, it will be recalled, was that there must be a crisis on the international scene severe enough to disrupt the ongoing developmental process.[1] The decisive crisis which had these profound ramifications was of course the Great Depression of the thirties. It is for this reason that the transitional period is dated from 1930.

In concluding this chapter I wish to note a point often made in major works on the Argentine economy:[2] that historically, industrial

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[1]See p. 24 above.

[2]Some of these are:

Alejandro E. Bunge, La economía argentina (Buenos Aires: Agencia General de Librerias y Publicaciones, 1928-30), 4 Volumes.

Dardo Cúneo, "Aspectos económicos de la historia argentina," Cuadernos americanos: 100 (July-Oct. 1958): pp. 385-99.

Carlos F. Diaz Alejandro, Essays on the Economic History of the Argentine Republic (New Haven: Yale University Press, 1970)

Guido Di Tella and Manuel Zymelman, Las etapas del desarollo económico (Buenos Aires: Editorial Paidós, 1973).

Aldo Ferrer, The Argentine Economy (Berkeley: University of California Press, 1967).

Alcira Leiserson, Notes on the Process of Industrialization in Argentina, Chile, and Peru (Berkeley: University of California, Institute of International Studies, 1966).

Leopoldo Portnoy, La realidad argentina en el siglo XX (Mexico: Fondo de Cultura Económica, 1961), 2: análisis crítico de la economía.

development has shown its highest growth rates during periods of international crisis. Table 7 illustrates this trend.

TABLE 7.--Percentage of total demand for manufactured goods supplied through local production and importation, 1900-45

Period	Local Production	Imports	Period	Local Production	Imports
1900-04	41.4	58.6	1925-29	48.9	51.1
1905-09	40.2	59.8	1930-34	62.7	37.3
1910-14	42.0	58.0	1935-39	63.3	36.7
1915-19	53.7	46.3	1940-44	80.5	19.5
1920-24	50.8	49.2			

SOURCE: Economic Commission for Latin America, "El desarrollo económico de la Argentina," mimeographed version (Santiago, Chile: United Nations, 1958). From Jorge, p. 77.

The percentage of the total demand for manufactured goods supplied through local production rose from 42 percent to almost 54 percent by the end of the First World War. After that, the percentages declined although remaining above the pre-World War I level. The next sharp rise in the percentage of manufactured goods produced locally comes with the Great Depression. However, the really dramatic increase in local production of manufactured goods occurs during the World War II years. Indeed, as following chapters will show, these figures reflect a change in the role of the manufacturing sector that heralded a fundamental changes in the Argentine economy and its relations to international forces. The Peronist period marked the high point in the transitional process that led to this new developmental pattern.

What lies behind these trends? What does their content reveal about significant shifts in the relationships within and between

national and foreign groups taking place at the time? As already indicated, the years of the First World War constituted the beginning of the shift away from the predominance of British interests within the Argentine economy and towards the preponderance of groups in the North American orbit. Another factor which played a key part in shaping the outcome of the transitional process in Argentina had also emerged with clarity by the time a major reordering on the international scene was being fought out on the European battlefields during the First World War.

The dual nature of the Argentine manufacturing sector that was to affect Peronist policies so profoundly was already apparent at this time. Two types of manufacturing operations coexisted.

> One segment was made up of large-scale establishments: meat-packing plants, tanning factories, flour mills, electricity and gas plants, sugar refineries, and some breweries, wineries, paper and lumber mills, and textile plants. These factories employed the most modern equipment, technical skills, and accounting procedures, used a high ratio of horsepower to laborers, and commanded outstanding entrepreneurial abilities. Their labor force ranged from a few hundred to a few thousand and their capital from one million to five million dollars. . . .
>
> The other segment of industry was the myriad small factories that numerically comprised almost the whole of Argentina's industrial establishment but represented only tiny fractions in capital, horsepower, or value produced. It was on these industries that Argentina depended for its locally produced consumer goods: shoes, bread, paints, hairbrushes, bricks, cigarettes, macaroni, glass, blouses, hardward, furniture, matches, hats, candies, liquors, butter, acids, suits, and grain sacks. Like the large-scale processing industries, these small plants sprang from the initiative of immigrants and continued under family ownership. Few employed more than ten workers, and many artisan shops depended only on family labor or at most a couple of helpers.[1]

It was of course the modern sector which provided fertile ground for the penetration and eventual domination of manufacturing activity by foreign capital.

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[1]Scobie, pp. 178-9.

The impact of the international crisis during World War I was to enlarge the scope of domestic production in general, but particularly that of the less modern, small-scale sector. The blockage of traditional trade patterns due to wartime conditions, meant a sudden shortage of manufactured goods that had been forthcoming from Great Britain and Europe. This had two immediate consequences. On the one hand, merchandise from the United States partly filled the vacuum and the United States temporarily replaced England as the principal foreign supplier of goods during the wartime years. On the other hand, the absence of competition from more efficiently produced commodities, gave local production a tremendous boost. Since capital goods were not produced in Argentina, this expansion was largely confined to that area of manufacturing activity that did not depend on large-scale, technologically advanced machinery. Even so however, "by 1918 importation of foodstuffs, hardward, paper, metals, and clothing decreased 50 percent from prewar levels."[1]

With the return of "normalcy" on the international scene following the war, the relationships determining Argentine economic development moved toward the renewal of pre-World War I trends. Agro-pastoral exports reached an all-time high and much of domestic manufacturing that had grown behind the protection of wartime conditions was dismantled. The textile and metal industries were particularly affected. As previously noted, the Radical Party government of the dependent middle sectors was not intent on challenging the foundations of externally oriented growth. During this golden decade for that pattern, Argentina's

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[1] Scobie, p. 179.

traditional orientation towards British interests reappeared in full force.

Nevertheless, industrialization during the period of international crisis of World War I gained sufficient momentum for the trends of this earlier period to reemerge with greater force in the depression years of the thirties. This time around their impact was much more intense and this was even truer for the years of the Second World War, as will be seen when we examine the Peronist period. For this reason the transitional process towards dependent industrialization begins in earnest in the 1930's. Peronism responded to the contradictions which emerged in the process of the oligarchy's attempt to stem the shifts away from the externally oriented growth pattern.

Conclusions

This chapter analyzed externally oriented growth as the material basis for the "Anglo-oligarchic" connection determining the course of Argentine development. The oligarchy owned the land and profited from the production of agro-pastoral commodities for export. They established mutually beneficial relationships with the foreign, mostly British, groups controlling the economy's infrastructure--the transporting, processing, distribution, and financing of exports and imports. The role of the state was seen as pivotal in consolidating the relationships underlying externally oriented growth through the enactment of policies reinforcing the interests of the national and foreign groups involved. The analysis concluded that contrary to the conventional interpretation, this pattern promoted dependency and did not reflect the interdependency that results from specialization in the international division of labor.

The effects of externally oriented growth on the evolving class structure were portrayed as leading to a pyramidical hierarchy. At the apex of the important economic, social, and political institutions stood the tiny elite comprised of the landowning oligarchy and the British, and to a lesser extent continental European and North American, providers of imported manufactured goods as well as the groups controlling the financial and transportation systems involved. Below them were the dependent middle sectors--professional groups, state functionaries, lower level managerial personnel, smaller scale commercial interests--who also benefited, though in a subordinated capacity, from externally oriented growth. Finally, the broad bottom base was occupied by the largely excluded groups--the emerging national bourgeoisie and the urban and rural working class and the popular sectors.

The chapter also examined the process leading to the erosion of British hegemony over Argentine development and the growing influence of U.S. based interests. This process resulted in increasing the weight of manufacturing activity withinin the Argentine economy, producing an industrial sector with more modern, capital intensive, foreign-owned plants, alongside more labor intensive, smaller scale, nationally-owned enterprises generally producing non-durable consumer goods. Remaining chapters analyze the subsequent course of Argentine development in terms of the contradictions implicit in a limited industrialization taking shape within the context of an economy based on agricultural production for export. These contradictions are traced as manifested in the shifting relationships within and between national and foreign groups tied to the predominant forms of economic activity. Chapter 3 applies this analysis to the transitional process leading away from externally oriented growth.

CHAPTER III

BEGINNING OF TRANSITION TOWARDS DEPENDENT INDUSTRIALIZATION: OLIGARCHIC ATTEMPT TO SALVAGE EXTERNALLY ORIENTED GROWTH, 1930-43

Introduction

In outlining the model of dependency theory applied in this study, I stressed its dynamic character. Each stage was not to be conceived in a static, but rather in a fluid sense, containing within it the elements for the next stage. Accordingly, in analyzing how the externally oriented growth pattern took shape in Argentina, I focused on those shifts on the international and national scene which were to become decisive in the transitional process.

In the last chapter, I examined the shift away from Great Britain towards the centrality of the United States in the international economic system. I looked at the ramifications of this trend within Argentina through the United States' challenge of England's hegemony over Argentine economic development. This process was manifested in the growing importance of manufacturing activity within the local economy geared to supplying the internal market for consumer goods. We saw how the growth of local manufacturing developed in the context of the international crisis of the First World War. We saw also that the reestablishment of the traditional international channels of trade in the 1920's led to the golden age for Argentina's externally oriented growth pattern.

The trends of the First World War were repeated with even more intensity after the 1929 crisis in the international order. The severity of this crisis and of its repercussions led representatives of the oligarchy to introduce modifications in the externally oriented growth pattern in an attempt to salvage it. In the end these modifications further intensified the shifts which characterized the transitional period between externally oriented growth and dependent industrialization in Argentina. As noted in Chapter 2, the Radical Party governments of 1916-30, integrating the dependent middle sectors, did not seek to challenge an economy based on agricultural production for export. By contrast, in their attempt to save this economic pattern, one segment of the oligarchy did initiate policies in the thirties which increased the presence within the economy of industrialists and other sectors oriented toward the internal market.

The oligarchy's attempt to stem the shifts away from externally oriented growth created contradictions which, in turn, were key in Peronism's rise to power. Just as the previous chapter laid the groundwork for this one, a dependency theory analysis of the Peronist period requires a two-fold focus on the immediately prior period. On the one hand it must focus on the external factors affecting Argentine economic development. Chapter 2 looked at this external pole by examining the rivalry between British and North American interests. On the other hand, the analysis must also focus on major modes of economic activity and shifts therein, as these affect the local class structure and the relationships within and between national and foreign groups. This chapter continues this discussion begun in the previous chapter with the analysis of the contradictory development of the

manufacturing sector. It must be mentioned however, that the distinction between the focuses is purely for analytic convenience. They are in fact integrally interwoven and constitute in reality one process.

The transitional process between externally oriented growth and dependent industrialization can also be conceptualized as "the substitution of imports phase" which, in Argentina, began in 1930 and was pretty much exhausted in the early years of the fifties. The Great Depression and then World War II produced, at first modifications, and then profoundly altered the relationships among and between internal and foreign groups. Peronism was a response to the contradictions in the process that led to the disintegration of the hegemony of the Anglo-oligarchic interests on which externally oriented growth rested. The ways in which Peronism sought to resolve these contradictions were, in turn to lead to its undoing.

This chapter examines how the policies formulated in the 1930-43 period intensified the economic and socio-political demands of the groups that provided the base for Peronism.[1] The argument can be stated in summary form. Confronted with the disruption of the traditional trade patterns resulting from the 1929 crisis, the faction of the rural oligarchy controlling the government essentially proposed increased import substituting industrialization to compensate for declining imports of European consumer goods. The goal of these policies was to preserve the traditional pattern of economic growth based on agricultural production for external markets. Nevertheless,

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[1]For a more detailed treatment, see Prologue to Perón: Argentina in Depression and War: 1930-43 (Berkeley: University of California Press, 1975), edited by Mark Falcoff and Ronald Dolkart.

though designed merely to modify the existing relationships in order to preserve them, these policies significantly affected the traditional alliances within and between internal and external groups. They expanded the manufacturing sector but kept it in a subordinated position; and they vastly increased the labor force while suppressing and postponing its demands. Perón based his bid for power on these social sectors. He promised continued expanded production to industrialists and built a mass movement on labor's demands. These were the basic elements in the winning formula with which he overcame his military rivals between 1943 and 1945 and the civilian coalition confronting him in the 1946 elections.

The Crisis and the Need for State Intervention

This chapter focuses on the first two of four conditions specified previously[1] as having to be operative for a transitional process to take place: firstly, a crisis on the international scene with severe enough internal repercussions to throw into disarray the alliance of domestic and foreign groups controlling the productive and marketing structures; and secondly, the existence of the infrastructure for the new pattern. The crisis on the international scene which disrupted the ongoing developmental process was the depression that followed the 1929 crash. One of the immediate impacts of this crisis was a drastic reduction in the volume of goods produced in the advanced capitalist areas. There was, on the one hand, a serious decline in the availability of industrial goods that raw material producing areas could import, and on the other, a lessening in the demand for their exports.

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[1] See pp. 23-24.

Eduardo Jorge[1] estimates a 60 percent reduction in the value of global trade between 1929 and 1933 and a diminution of 50 percent in Argentine exports for the same period. He notes that in the case of Argentina's exports this reduction was in their values alone, the physical volumes remaining more or less constant. This decline in the prices for Argentine exports in the world market meant, of course, a reduced capacity for imports, their physical volume shrinking by almost one half from 13 million tons in 1929 to 6.9 million in 1933.

To grasp the meaning in these figures one should recall the extent to which Argentina depended on importing manufactured goods during its externally oriented growth phase. Thus, while local production could satisfy about 95 percent of the demand for processed foodstuffs and tobacco and these constituted only about 5.3 percent of Argentina's total imports between 1925 and 1929, "metals" and "machinery and vehicles" took up about 38 percent of all imports for that period and local production could only satisfy between 30 and 40 percent of the demand for these types of goods. Even in textiles, only 25 percent were produced locally and their importation represented about 22 percent of all the goods imported during those years.[2]

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[1] Jorge, p. 109.

[2] Ibid., p. 133. Jorge cites Carlos Diaz Alejandro, Stages in the Industrialization of Argentina (Buenos Aires: Instituto Torcuato Di Tella, 1966). Diaz Alejandro's sources are E.C.L.A.'s El desarrollo económico de la Argentina (Santiago, Chile: 1958) and the Consejo Nacional de Desarrollo's Cuentas nacionales de la República Argentina (Buenos Aires, 1964).

The internal repercussions of this crisis were indeed profound enough to throw into temporary disarray the existing alliance of domestic and foreign groups controlling the productive and marketing structures. The immediate result was the military coup of 1930 led by Jose Uriburu which put an end to the experiment with democratic procedures under the Radical Party. A systematic response to the crisis in the form of a coherent set of policies by representatives of the ruling group within the oligarchy was not, however, immediately forthcoming. There followed a period when various approaches were suggested and sometimes pursued at cross-purposes. The direction of the policies of the group within the oligarchy that won out emerged gradually and reached its quintessential expression with the Roca-Runciman Pact signed between Great Britain and Argentina in 1933.

In the chapter above, I pointed out that the Radical Party governments of the 1916-30 period did not introduce any significant departures from the free trade policies underlying externally oriented growth. On the contrary, protectionist measures for manufacturing were at their lowest point and the export of agro-pastoral goods in exchange for imported industrial commodities reached its high point during those years. It was therefore not the threat from a middle class government representing an aspiring industrial bourgeoisie which accounted for the 1930 coup. In fact, the Radical Party took the most reactionary position in the debate over the most appropriate response to the crisis of the thirties, essentially calling for a return to the status quo ante.

It was not the fear of an aspiring bourgeoisie, rather it was the impact of the crisis of the thirties which threatened the ongoing

relations of production, that convinced the dominant oligarchic faction of the need to use the machinery of the state to strengthen its position. The danger to the established order as well as the futility of laissez faire economics and the need for state intervention became apparent as the level of production dropped some 40 percent, salaries and wages 60 percent, and almost 13 million people were thrown out of work in the expectation that the economy would recover spontaneously between 1930 and 1933.[1]

A more activist role for the state required increasing the size and power of the state apparatus itself. Between 1935 and 1941 the personnel employed by the state increased some 3.9 percent per year. This rate almost doubled between 1941 and 1950, reaching a 7.7 percent increase per year.[2] Thus the Peronist state not only continued, but greatly expanded the trend toward more intervention and the corresponding growth in the state bureaucracy. Ironically, Perón further strengthened the state in order to use it against the very sectors that had set the process in motion. However, as we shall see, the state was not used to dismantle the oligarchy's power in the economic realm. Peronism neutralized the oligarchy politically and succeeded in displacing it from its central position in the nation's economic life. But one of the Peronist regime's major flaws was that it did not challenge the oligarchy's ownership of the means of production. The fact that the large landed estates were never expropriated,

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[1] Jorge, p. 108.

[2] E.C.L.A., El desarrollo de la Argentina (Mexico: United Nations, 1959), p. 82.

enabled the oligarchy to be one of the principal participants in Perón's overthrow in 1955 and in the subsequent attempt to eradicate Peronism from the Argentine body politic.

Just as the Peronist state continued strengthening of the state apparatus, so too did it continue the trend towards a more autonomous role for the state, and for the same reasons. As the state moved away from laissez faire towards more active policy-making in the thirties, its structures increased in number and complexity. This growth and differentiation in state apparatus was both the result of and, in turn, a further cause leading to increasingly complex economic relationships. On the one hand, the stronger and more heterogeneous state reflected the greater complexity in the economic and social structures that came about with the growing manufacturing sector; and, on the other, the state's policies helpful to industrialization further eroded the greater homogeneity and simplicity of the old economic and social structures resting on the clear-cut supremacy of rural production for export. This dialectic was also involved in the tendency towards greater autonomy for the state. That is, the state became relatively more independent of unmediated class interests as the socio-economic structure became more complex; and, at the same time, this greater autonomy enabled the state to enact policies accentuating the differentiation of economic interests.

The growth of the industrial sector reinforced the more autonomous role for the state in that its principal role was no longer to simply translate the ruling class' agrarian interests into policies. Now these policies had to be adjusted to take into account the interests of other property owning sectors

structured around the accumulation of industrial capital. During the thirties the state becomes more of a mediator, moderating within an increasingly complex power block. If the correlation of class forces became more complex in the thirties, this was even truer in the forties. The Peronist state resolved contradictions in the industrializing policies of the thirties in a direction which intensified the growth rate of manufacturing activity even further. With greater economic and social complexity, came even more autonomy for the state.[1]

It is important to keep in mind that though the policies of the thirties did incorporate interests tied to the industrial sector, these policies were nevertheless formulated under the sponsorship of the dominant faction within the landowning oligarchy. Their hegemony over the decision making process confined policies within a framework that sought to keep dependency on the traditional external links intact. As we will see below, industrialization was kept within the limits fixed by the system from which the ruling class derived its income. Nevertheless, the process went far enough to substantially increase the sector of manufacturers who stood to benefit from a popular mobilization pushing for economic growth oriented towards the internal market. This was the context that made Peronism a viable response to the contradictions arising from the policies of the thirties.

The state was strengthened in the thirties, it became more autonomous, and its policies further intensified these tendencies by

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[1]This analysis is paraphrased from Miguel Murmis and Juan Carlos Portantiero's "Crecimiento industrial y alianza de clases en la Argentina (1930-40)" in Estudios sobre los orígenes del peronismo. (Buenos Aires: Siglo Veintiuno Editores, 1971), pp. 42-3.

making the correlation of class forces more complex in promoting the potentially conflicting interests of diverse sectors. Thus when the military seized control in 1943 it meant the opposite of what it had meant in 1930. It indicated the weakness and exhaustion of the landowning oligarchy as the ruling class. "In assuming state control, the armed forces filled a class vacuum and became the bulwark of the system."[1] It was during the Peronist period that the state achieved its maximum autonomy wherein no one class controlled state power. What then were the policies of the 1930-43 period that led to this situation?

Oligarchic Response to the Crisis of the Thirties: Modified Externally Oriented Growth

The impact of the world crisis on the Argentine economy led the regime to shift away from the traditional free trade policies towards measures benefiting many marginal domestic enterprises in the industrial area. The disruption of the trade of agro-pastoral goods for manufactured commodities caused a change in the traditionally aloof attitude towards domestic manufacturing. The erection of protective barriers became economic policy and such measures as devaluation of the currency, multiple exchange rates, and import controls, measures which were also a fundamental part of Peronist economic policy, made marginal local enterprises into profitable ventures. In essence, these policies addressed themselves to the lessons learned from the disruptive impact of the First World War.

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[1]Ed Daniels, "From Mercantilism to Imperialism: The Argentine Case," Part II, N.A.C.L.A. Newsletter 4 (October 1970): 5.

These industrializing policies were instituted under the auspices of the dominant faction within the landowning oligarchy, and they were designed to aid the agricultural sector. Therefore, only a limited and partial industrialization took place, one that remained subordinated to maintaining agricultural production as the foundation of the nation's economy. The thrust of the regime's efforts at preserving the functional primacy of the agro-pastoral sector in the economy during the "infamous decade,"[1] amounted to compensating for the decreased role of agro-exporting economies in the world market with a corresponding decrease in imports from the industrial nations. Table 8 shows the drop in volume and value of imports during the thirties.

TABLE 8.--Quantity and value of imports, 1928-40 (using the base of 1910=100)

Year	Quantum of Imports	Real Value of Imports
1928	153.6	220.6
1930	136.9	194.8
1932	69.2	97.0
1934	83.1	128.7
1936	94.7	129.5
1938	115.8	169.4
1940	88.7	173.8

Source : Anuarios de comercio exterior de la República Argentina. Adapted from Jorge, p. 122.

[1]Because of the widespread misery of the poorer sectors, the blatant use of the "patriotic fraud" by the conservative regime to entrench itself in power, and what the nationalist critics of the oligarchy of the period considered to be the scandalous subservience to Britain and other imperialist powers, the thirties became popularly known as la década infame.

Jorge notes that the slight increases registered for 1936 and 1938 were a corollary to increases in the level of exports for those years. He goes on to observe that if one keeps in mind that national production continued to grow throughout the decade, then it becomes evident that a drastic reduction in the coefficient of importation took place in the thirties.[1]

In promoting this strategy, the hegemonic group within the oligarchy showed a good deal of political sophistication. The international economic collapse of 1929 disrupted the traditional pattern of exchanging foodstuffs for imported manufactured goods. The falling prices commanded by agro-pastoral goods in the advanced capitalist nations meant a corresponding reduction in the volume of goods Argentina could obtain. Hence by promoting industrialization but limiting it to filling the vacuum previously covered by the importation of consumer goods, the dominant oligarchic group was able to maintain its source of income and power intact. If it had resisted rather than promoting the needed readjustments, the ruling group within the oligarchy could have lost control of the key economic processes and seen profound changes in the economic structures undermine its social and political position.

The groups which benefited from the import substituting industrialization of the thirties were the same ones whose positions were protected by the Roca-Runciman Pact, as we shall see below. The modifications in the externally oriented growth pattern introduced in the thirties reflected the realignment in the alliance of groups that

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[1]Jorge, p. 123.

emerged as dominant after the traditional configuration was thrown into disarray by the impact of the crisis. Of crucial significance for the unfolding of the traditional process were the facts that the landowning oligarchy no longer remained a homogeneous group, and that the subordinated sector within it came to form a part of the alliance of groups constituting the opposition. Indeed, the policies endorsed by the ruling faction exacerbated the split within the oligarchy by causing the income of the subordinated group to shrink further during the decade.

The split between the invernadores (cattle fatteners) and the criadores (cattle breeders) which had been developing in the twenties came to a head in the thirties. The technological base for the predominance of the invernadores came about through the progress of the meatpacking industry which permitted the export of chilled beef, a far superior product to frozen beef because it is virtually equivalent to fresh meat. In the twenties chilled beef assumed the first position in the export of meat products. The production of chilled beef requires animals of good stock and special preparation. Furthermore, since the product must be consumed within 45 days of slaughter, the supply must be constant to meet the demand; in contrast to frozen beef where a constant demand can be supplied with seasonal production. The production of chilled beef therefore, put a premium on having good pasture land available, especially during the winter months. For this reason, the invernadores tended to be owners of large tracts of grazing land within the province of Buenos Aires, while the criadores tended to come from the interior.

Their ability to provide a constant and voluminous supply of cattle, thus having sole access to the meatpacking plants, assured the invernadores a virtual monopoly over the trade with Great Britain while other cattlemen found their interest subordinated. The ascendancy of the invernadores became formalized when one of theirs, Luis Duhau, became president of the powerful Sociedad Rural Argentina[1] in 1927. The hegemony of the invernadores was further consolidated when Duhau took over the pivotal post of Minister of Agriculture in the thirties. The extent to which the interests of other cattlemen were subordinated is revealed by the Roca-Runciman Pact which stabilized the annual export of chilled beef at around 350,000 tons while the annual exports of frozen beef declined from 269,000 tons between 1925-9 to 56,000 tons between 1930-4.[2]

While the invernadores found a limited form of import substituting industrial development compatible with their orientation of exporting to England, the subordinated pastoral groups found markets for their exports of frozen and canned meats, lamb and beef, primarily in the United States, Germany, and Italy. They looked to the United States, which forbid the import of chilled but not frozen beef, as a source for the provision of manufactured goods. They considered domestic industry to be artificial and a violation of the natural division of international labor. They saw protective barriers as leading first

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[1]The Sociedad Rural was the institutional expression of the traditional landed oligarchy. Its membership was restricted to the most prestigeous ruling class families.

[2]This analysis and data are taken from Murmis and Portantiero, p. 27.

to trade wars and ultimately to armed conflict between nations.[1] This orientation towards national industry and international trade was also espoused by representatives of the Radical Party in the Congress during the infamous decade. Thus the most privileged oligarchic group possessed a certain modernizing orientation while the subordinated agrarian owners found an echo for their views among the so-called progressive sectors in Congress. It must be noted however, that both groups still based their fundamental interests on external commerce.[2]

With the policies of the thirties the dominant faction within the oligarchy secured its traditional source of income and was therefore in a position to favor a limited form of industrialization. Industrializing policies produced, at least temporarily, a new equilibrium that allowed the system to function without fundamental structural change and thus preserved the hegemony of the privileged agro-pastoral group. These policies also had the advantage of producing new allies among the manufacturers who could offset the pressures arising from the agricultural groups whose interests were sacrificed. Finally, one should not overlook the impact these policies had on the financial investments in the manufacturing sector held by members of the dominant group within the landed oligarchy.

The policies of the thirties, therefore, led to a modified version of externally oriented growth which preserved the interests of the dominant groups in the rural oligarchy and benefited manufacturers

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[1] Murmis and Portantiero, pp. 30-31. [2] Ibid., p. 32.

involved in import substituting production. These policies were an appropriate response to the economic and political repercussions of the crisis. On the one hand, they were designed to fill the vacuum in the supply of manufactured goods that resulted from the difficulty of obtaining them from the advanced industrial nations and, on the other, they compensated for the split within the oligarchy with support from new socio-economic groups.

It is important to keep in mind that because the policies of the thirties were formulated within the constraints imposed by maintaining the material base on which the dominant faction within the oligarchy rested, only a limited form of industrialization took place. Though the regime had its self-conscious advocates of industrialization, the policies which were finally adopted were more the outcome of following the lines of least resistance than they were the product of a coherent and comprehensive design. Their basic aim was the maximum utilization of existing plant and facilities without major investments in machinery and equipment and without a coherent investment policy to promote diversification.[1]

As Murmis and Portantiero point out,[2] two strategies were proposed to confront the dilemmas posed by the profound economic crisis of the thirties: either stabilize the changes which had occurred almost spontaneously so as to maintain them under the hegemonic control of the most powerful sectors of the oligarchy, or reject all changes and promote a return to the situation prevailing before the crisis. The conservative elite attempted to implement the first alternative with

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[1] Murmis and Portantiero, p. 42. [2] Ibid., p. 12.

great difficulty which, among other things, intensified the developing split within the ruling class. The second alternative was the program espoused by the Radical Party. A third alternative, that of a program for autonomous industrial growth under the sponsorship of an independent entrepreneurial bourgeoisie--the classical model of capitalist industrialization--never achieved an institutional expression. Murmis and Portantiero perceptively note that this absence was one of the chief factors leading to the realignment of socio-economic forces that emerged as dominant in the Peronist period a few years later.

The Roca-Runciman Pact of 1933 represents the quintessential expression of the policies of the period and of the interests they encompassed. The Roca-Runciman Pact took shape in the context of the displacement of Britain's hegemony over Argentina's economy by interests centered around North American capital. It was an attempt to stem the tide of this shift and to recreate, on a modified basis, the links between local producers and the British interests which had been so central to economic life prior to 1930.

Ever since the First World War, Britain had been losing ground as a provider of manufactured goods, primarily as a result of the increasing importance of the United States as a supplier. At the same time, England's importance as a market for Argentine goods grew.[1] In 1926 the United States prohibited the importation of Argentine meats and in 1927 France, Belgium, and Italy began to increase their duties

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[1]Recall last chapter's discussion of the tripartite trade pattern developing in the twenties. See pp. 93-96 above.

on imported chilled beef while Germany reduced her imports by half.[1] In the beginning of the thirties 99 percent of Argentina's chilled beef went to England and meat exports accounted for one half of her foreign exchange earnings.[2] Thus when Great Britain summoned her dominions to the Ottawa Conference on Imperial Preference in 1932 and this conference resolved to replace Argentine wheat and meat with imports from Australia, New Zealand and Canada, Argentina's beef magnates went into a state of near-panic. In 1933, General Augustín Justo dispatched his vice-president Julio Roca to negotiate with the president of the Board of Trade in London, Walter Runciman. The result was the Roca-Runciman Pact.

The Roca-Runciman Pact, mentioned above, was an expression of the control excercised by the dominant group within the agrarian sector. Its provisions indicated the extent to which this ruling sector of landowners succeeded in orienting the nation's economic life around their interests by recreating, on a modified basis, the previously successful Anglo-oligarchic connection. The first clause recognized the importance of exporting chilled beef for Argentina's economic life and established a guaranteed quota to be imported by Great Britain--at least 90 percent of the tonnage imported in the first trimester of 1932. With this measure the beef "fatteners" secured their traditional source of wealth and power.

The remaining clauses cemented the relationship of this leading faction of the oligarchy with British commercial, financial, and manufacturing interests. These clauses guaranteed the consolidation of

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[1] Skupch, p. 17. [2] Falcoff, p. 82.

the meatpacking trust, the configuration of financial and commercial interests centered on it, and more. The second clause stated that after deducting a reasonable amount for payment of interest on the public debt, the remainder of the income generated by Argentine imports must be spent in England. Further, 85 percent of the importing licenses for Argentine meat in England were to be distributed by the British government. The remaining 15 percent of the quota could be distributed by the Argentine government only to its nationals if they had property, control or administration of enterprises (meatpacking plants) that did not pursue private profit. Moreover, the Argentine government agreed not to levy any duties on coal, a major import from England since it was the primary source for energy. No new duties would be imposed on any other goods, nor existing ones raised. Additionally, with respect to imports on whose duties Great Britain demanded a reduction, it was agreed to return to the duties and tariffs prevailing in 1930. When the Pact came up for renewal in 1936 "England obtained further concessions for British goods in Argentina, even to the extent of eliminating the private bus lines that posed a threat to the British-owned transport system in the city of Buenos Aires."[1]

While the Roca-Runciman Pact cemented the alliance between British interests and the dominant group within the oligarchy, it also widened the cleavage that had been developing in the ranks of the landowning oligarchy. In this sense too the Roca-Runciman Pact expressed an important feature of the period: no homogeneous class

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[1]Scobie, p. 183.

interests prevailed. Not only was the landowning oligarchy divided, the industrial bourgeoisie too was split into fractions with diverging interests.

The extent to which the policies of the thirties succeeded in revitalizing the Anglo-oligarchic connection is evidenced by the shifts in the trade patterns for the decade.

> Imports from Great Britain rose from 17.5 percent to 22.2 percent of the total from 1929 to 1939. Exports to Great Britain rose from 32.1 to 35.9 percent. The key item in trade relations with Great Britain during this period is that from 1934 to 1936, Great Britain purchased 98.6 percent of Argentine exports of chilled beef, 77 percent of frozen mutton and lamb, and 76.8 percent of frozen pork exports.[1]

Not only did the Roca-Runciman Pact cement British interests with those of the leading faction within the oligarchy, it also achieved a partial reversal of the tripartite trade pattern that had been developing in the twenties, reorienting the volume and flow of imports away from the United States and towards Great Britain. In 1929, 31 percent of Argentina's purchases were of continental European origin, 27 percent from the United States and only 17 percent were of English origin. By 1935 this pattern had changed so that 25 percent of Argentina's purchases proceeded from Great Britain, another 25 percent from continental Europe, and only 13 percent were of North American origin. For the decade of the twenties, Argentina's imports from the United States exceeded her exports to the U.S. leaving a negative balance of trade of some 275.6 million pesos. For the decade of the thirties, this figure had decreased to 54.2 million pesos.[2]

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[1] Laura Randall, An Economic History of Argentina in the Twentieth Century (New York: Columbia University Press, 1978), p. 228.

[2] Jorge, p. 124.

By favoring British imports to the detriment of those from the United States, the policies of the period reinforced the efforts of North American groups investing in subsidiaries producing or assembling goods within Argentina. In this way they accentuated the trend observed for the twenties of U.S. investments oriented towards manufacturing and they hastened the transitional process leading to dependent industrialization. The policies of the thirties represented a temporarily successful attempt to recreate the Anglo-oligargic connection on a modified basis. In the end however, it was a vain attempt to stem the tide eroding the traditional linkages.

The branches in which U.S. investments increased in the thirties were those that subsequently benefited from Peronist industrialization. In their results, the policies of the thirties produced the second of the conditions enumerated for the emergence of a transitional period.[1] That is, these policies rapidly buttressed the infrastructure, the industrial plant and equipment, necessary for the new pattern. Manufacturing became the fastest growing sector in the Argentine economy during this period.[2] "In the ten year period, 1935-44, total industrial employment almost doubled, salaries more than doubled,[3] and the estimated value of total industrial production nearly tripled."[4]

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[1]See pp. 23-24 above.

[2]Guido DiTella and Manuel Zymelman, Las etapas del desarollo argentino, (Buenos Aires: n.p., 1967), p. 436.

[3]As will be seen, the years after the 1943 coup were critical in this respect.

[4]"National Economy of Argentina" in Commercial Pan America, (Washington, D.C., Pan American Union) (July-August 1946).

Though manufacturing became the leading sector in the Argentine economy in terms of growth during the thirties, this growth was largely confined to the expansion of existing plant. Nor was this surprising given the integration of the industrial sector into an alliance of classes structured around the hegemony of the leading oligarchic faction. The industrializing project of the period was therefore confined to a limited framework which Murmis and Portantiero aptly define as "industrial growth without an industrial revolution;"[1] that is, industrial growth without basic structural changes. In summary, industrial growth under oligarchic auspices was limited to filling the vacuum previously covered by the importation of consumer goods, principally in the foodstuffs and textile branches. Its limitation followed from its basic aim which was the maximum utilization of the existing plant and facilities without major investments in machinery and equipment.[2]

Contradictions in the Industrialization of the Thirties

Though limited and subordinated, the resulting industrial growth was nevertheless of such a magnitude that the process had escaped the control of its initiators by 1943. It was in this sense that the infrastructure for the developmental pattern implemented through Peronist policies was being vastly expanded in the decade before Peronism came to power. The Argentine Industrial Census of 1946 shows the accelerated expansion in the total number of industrial plants established. It reveals a progression of approximately 1,700 newly established enterprises per year in the decade of the twenties,

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[1] Murmis and Portantiero, p. 11. [2] Ibid., p. 12.

2,800 per annum in the thirties, and 5,000 new firms per year in the Second World War.

In one sense Peronism represented a continuation of trends gaining ground in the thirties. Peronist policies basically continued the import substituting industrialization of its predecessors. Though the balance of power in the bargaining area was shifted towards labor, these policies aimed to keep industrial activity within a capitalist framework. However, as we shall see, the very continuation and acceleration of the pace of industrial activity required substantial modifications in the economic and socio-political patterns of the thirties, and it required fundamental shifts in the connections between local groups and external interests. The astronomical rise in manufacturing activity promoted by Peronist policies from 1943 to 1950 represented a basic departure from the policies of the thirties. Reversing the traditional subordination of manufacturing activity to agricultural production was the cornerstone of the Peronist strategy for industrialization. In raising the primacy of industrial interests over those of landowners, Peronism diverged radically from the oligarchic developmental model. The reasons for these shifts are to be found in the contradictions being intensified with the policies of the thirties.

The contradictions implicit in the nature of industrial development taking place in the thirties and its relationship to the class structure provided the conditions which made the rise of Peronism possible. As a by-product of the tremendous increase in manufacturing activity, the working class saw its ranks mushroom. According to one source, while industrial production expanded 53.7 percent between

1937 and 1946, a half a million people entered the labor force, thereby more than doubling the numbers of workers in industrial establishments employing ten or more laborers in the 1935-41 decade, from 440,582 to 936,387.[1] This growing mass significantly swelled by rural immigration into Buenos Aires, was to provide the social base for Perón's rise to power. While industrial workers were increasingly incorporated into the economy, there was no commensurate integration of the working class into the political system. Quite the opposite characterized the conservative regimes of the thirties. Moreover, repressive labor policies curtailed wages and benefits. Adding to the workers' discontent was the fact that along with the rural to urban migration and low agricultural productivity, there was also an increased urban demand for foodstuffs which led to a rise in food prices. The result was further decrease in the living standards of the urban proletariat.

Industrial development of the thirties also produced disaffections among sectors of the industrial bourgeoisie. For one thing, though their economic importance rose, they too did not see their political power rise commensurately. For another, the rise in agricultural prices for the domestic market meant that low income consumers had less to spend on manufactured goods. This brought the interests of sectors of the industrial bourgeoisie, particularly those producing wage goods--textiles and other non-durable consumer goods--into conflict with those of the landowning class. Additionally, the

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[1] Victor Testa, "Crecimiento (1935-46) y estancamiento (1947-63) de la producción industrial argentina" in Fichas de investigación económica y social 1: 6.

tremendous expansion of national industry in the thirties created pressures for protectionism amongst sectors of the industrial bourgeoisie that went beyond those envisaged by offical measures already instituted, and conflicted openly with the dominant "free trade" economics and the favoritism shown toward British imports. Thus the industrialization of this pre-Peronist period created a dynamic of its own toward a nationalistic, self-sustained economic growth. Such orientations toward economic independence and autonomy conflicted with the oligarchy's trade alliance with foreign, particularly British, capital. Peronism, on the other hand, found fertile ground in these orientations. Indeed, the industrialists' acquiescence to Peronism's initial pro-Axis stance may be largely attributed to their fear of the more immediate Anglo-American competitive threat in the area of providing consumer goods.

Peronism resolved the contradictions arising from the economic formulas of the thirties and replaced them with new contradictions that ultimately led to its disintegration. The central contradiction in the oligarchic model of economic development was that it promoted a certain degree of internal industrial development in order to maintain the basic structures of externally oriented growth based on agricultural production. The needed modifications in the traditional arrangements generated tensions and produced a host of postponed demands and aspirations. The limited import substituting industrialization promoted in the thirties began to conflict with the interests on which the alliance between the ruling faction of the oligarchy and British capital was based.

The pressures in the direction of a nationalistic conception of a fully developed national industry providing for the nation's needs formed the basis for Peronism's economic program. And labor's accumulated demands provided the mortar with which Perón built the mass movement forming the regime's foundation. In order to push import substituting economic development to its full potential, a broad social base was essential to offset the political power of the oligarchy. This is precisely what Peronism accomplished with its populist base and its nationalist inspired First Five Year Plan. It resolved the tensions in the limited import substituting industrial development of the thirties in favor of the full scale import substituting model of internally oriented growth of the forties.

Two aspects of the economic and socio-political developments of the 1930-43 period should be stressed here because of their vital bearing on the emergence and content of the Peronist formulas of 1943-55. First are the ramifications which follow from the fact that industrialization took place under the auspices of the pro-British faction of the rural oligarchy. The beneficiaries of import substituting manufacture did not represent an independent, progressive bourgeoisie attempting to impose its socio-political formulas on a backward and recalcitrant feudal class. As we have seen, industrialization did not, as in the classical model, develop as a dynamic consequence of a rising industrial bourgeoisie. Indeed, what emerged in the thirties was not a homogeneous national entrepreneurial class, but rather an industrial sector with deep divisions among industrialists.

This heterogeneity and division within classes and sectors was the other important aspect of the economic and socio-political develop-

ments of the thirties. It applied not only to the industrial bourgeoisie, but to all classes as well. Both, the set of groups supporting the regime's economic policies and that of those opposing them, were comprised of fractions of classes and social sectors. One cannot speak of clear-cut homogeneous class interests; the social picture was characterized by tensions and conflicting interests cutting across all major socio-economic sectors. As we have seen, not even the ruling group enjoyed the solid support of its economic and social base, but sought rather to construct an alliance of diverse interests centered on its hegemony. This rather fluid social situation, characteristic of a transitional period, also had an important bearing on the development of Peronism.

The Populist-Nationalist Critique

This discussion of the developments in the thirties which made Peronism a viable alternative, would be incomplete if it omitted the intense critical ferment that took the form of a progressive nationalism challenging the oligarchy's leadership. Peronism as a doctrine anchored itself on the populist-nationalist critique that developed in response to the contradictions of the "infamous decade." The collapse of Argentina's position in world trade and the adjustments in the traditional arrangements to meet the new situation, produced a sense of disequilibrium and a climate of uncertainty and tensions. Not surprisingly therefore, the 1930-43 period was filled with critical ferment repudiating the society's dominant values of economic and political liberalism, values which after all were being negated with the policies of the elite that came to power through the military coup of 1930. Moreover,

though these policies aimed to preserve the functional primacy of the agricultural sector, they depended, as we have seen, on a certain type and degree of industrialization. Though intended to have a limited scope, the industrializing process developed a dynamic impetus which pushed it beyond the envisioned confines. This too found its expression in the populist-nationalist critique of the thirties.

Essentially the populist-nationalist polemics of the period did not trace the causes of Argentina's problems of the bottom of the society, as elite historians had done by pointing to the uncivilized masses of the interior or the ignorant proletarian immigrants from Europe. Instead they traced these problems to the top of the society. The national dilemma was framed in terms of the unholy alliance between the vendepatria (selling out the country) oligarchy and foreign imperialists.[1] This type of nationalism was therefore more inclusive than exclusive; it struck a responsive chord with the urban masses and the intelligentsia. Programatically, it "offered the Argentine middle class the gratifying possibility of pursuing its own corporate interests--social mobility, economic opportunity, political influence--within the framework of a crusade for national sovereignty."[2]

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[1]Books like Benjamin Villafena's La tragedia argentina (1943), Julio and Rodolfo Irazusta's La argentina y el imperialismo británico (1934), Jose Luis Torres' Algunas maneras de vender la patria (1940), and Raul Scalabrini Ortiz's Política británica en el Rio de la Plata and his Historia de los ferrocarriles argentinos (both 1940) "depicted Argentina as a sort of gigantic estancia whose agricultural and stock-raising capacities were being mercilessly exploited by Great Britain through a pliant Argentine elite." From Falcoff, pp. 77-8. This section relies on the analysis developed in his article.

[2]Ibid., p. 78.

As enunciated by Perón in justicialismo's famous trinity--economic independence, political sovereignty and social justice--the movement's reason for being as well as its fundamental aims, expressed the essence of the populist-nationalist polemics. Each side of this trinity was conceived as firmly bound to the other; one could not exist without the other and the pursuit of one would naturally lead to the others. Thus the Peronist goal, to free Argentina from the domination and exploitation of British and North American imperialists, and from the rule of the vendepatria oligarchy in alliance with them, could only be achieved by exercising the nation's political sovereignty. At the same time, removing the primary barrier to the attainment of popular aspirations--the domination of the imperialists and vendepatrias--would also lead to social justice.

Populist-nationalism provided Peronism with the content of its program and its class orientation. Perón himself acknowledged his indebtedness to its major exponent, Raul Scalabrini Ortiz. According to Perón, Scalabrini Ortiz

> shaped the entire nature of the resistance to the usurpers (during the 1930s), elucidating what everyone else sought to discover--the "causes of the Argentine defeat." He was a born fighter, and I am especially indebted to him for the original ideas set forth in my La fuerza es el derecho de las bestias and Los vendepatrias. He exercised, in a certain way, the first moral magistracy of the republic, and when he departed this world, he made me the recipient of his political testament.[1]

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[1]Enrique Pavon Pereyra. Coloquios con Perón (Buenos Aires: n.p., 1965), p. 59 as quoted in Falcoff, p. 79.

It was from the propagandistic efforts of Scalabrini Ortiz and others that Peronism derived its view of Argentina tied to Great Britain though economic structures that made a colonial type of relationship inevitable.[1] The program for "economic independence" was designed to remedy this national disgrace.

Three interrelated aspects of the populist-nationalist perspective both gave Peronism its resiliance and strength and also made for its limitations and weakness. The first of these is alluded to above. Its populist and nationalist thrust linked the activities of foreign imperialists to their connections with the local ruling class. In this respect the populist-nationalists were definite precursors of the dependency theory analysis. In his definitive study, Juan José Hernandez Arregui says of Raul Scalabrini Ortiz:

> This Argentine writer, who does not cite Marx, proved to be more of a revolutionary than the impostors of the left. These men (populist-nationalists), who were not Marxists, were the first to analyze our national history and its relationship to Latin America with methodological and historical criteria very close to Marxism. In one of his first works with a historical orientation, he said: "Europe never looked to America as a source for establishing offshoots. It was hostile and almost cruel, first with the indigenous and then with the assimilated. Europe only wanted to extract from America, gold

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[1] For example, in Política británica en el Rio de la Plata, Scalabrini Ortiz convincingly showed the process whereby British interests achieved their economic domination of Argentine life by extending strategic loans. In Historia de los ferrocarriles argentinos he showed how the British took control of the railroad network by acquiring already functioning Argentine lines with generous conditions facilitated by the Argentine government or gaining from it construction subsidies and later acquiring its shares. In both instances he demonstrated that the process was not so much one of foreign capital investing in a virgin area because of the lack of national capital, as much as one of foreign capital gaining access to the apex of a base of indigenous capital through the all-too eager intermediary of the national government.

> in the beginning, minerals later, and raw materials and foodstuffs today. Formerly it used force and compulsion, now it makes use of financial ability and astuteness. In any case, gain was always the motive. That is why the study of the economic factor is fundamental in the relations between Europe and America.[1]

"If British capital and investment had been unnecessary--indeed, dysfunctional--to Argentine development, of what value had Argentina's commercial relationship with the U.K. been?" Scalabrini argued that a key lesson derived from the crisis of the thirties was that whatever purposes the exchange of Argentine raw materials for English manufactures might once have served, since 1930 the terms of trade had turned increasingly disadvantageous for Argentines.[2] Another lesson for Argentine patriots to be learned from the crisis of the thirties according to Scalabrini Ortiz--and here we come to the second of populist-nationalism's aspects providing both for Peronism's strength and weakness, the class analysis implicit in the populist-nationalist perspective--was that the thirties revealed the true divisions within Argentine society.

> On one hand stands the whole nation, the whole people, without distinction as to rank and class. On the other stand the English and North American capitalists and their (Argentine) representatives, who are . . . hoping to direct the outburst of national passion either into internecine (class) conflict or into xenophobic outbursts against the innocent, defenseless new immigrants, who work side by side" with native Argentines.[3]

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[1] Juan José Hernandez Arregui, La formación de la conciencia nacional (Buenos Aires: Editorial Plus Ultra, 1973), pp. 334-5. My translation.

[2] Mark Falcoff, p. 94. He mentions Scalabrini Ortiz's Política británica en el Rio de la Plata (p. 224) as the source for his argument.

[3] Ibid., p. 86. Falcoff quotes from "Who Owns Argentina," p. 28.

"Argentina was an agricultural and pastoral nation, Scalabrini asserted, not because it was 'particularly suited' to be so, but because its primitive state suited the interests of Great Britain and the Argentine oligarchy."[1]

Internally, this analysis drew the conclusion that the primary contradiction was that between "the people" as a whole (without distinctions as to rank and class) and the oligarchy, for it was the latter through whom the foreign imperialists implement their exploitative design. Populist-nationalism lent itself admirably well for the purpose of mobilizing a broad, socially inclusive base, strong enough to offset the political power of the oligarchy. Its potential for uniting diverse sectors on a crusade for national salvation served a useful ideological function for Peronism. It was populist-nationalism that inspired Peronism's programmatic orientation that sought, simultaneously, to satisfy the interests of the working masses and the national bourgeosie. In a conjunctural circumstance where the local entrepreneurial class is very weak and industrial capitalism is a largely foreign phenomenon, it does not appear contradictory to maintain that the evils of capitalism will disappear through economic development guided by the state and managed by the national bourgeoisie. By utilizing populist-nationalism's class formula, Peronism was able to mobilize a very powerful social base behind the regime, enabling it to keep its enemies in check for a decade. As we shall see, populist-nationalism's weakness was its failure to recognize that the viability of its class formula was limited to a specific conjunctural situation.

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[1]Falcoff, p. 87.

The populist-nationalism that emerged from "the infamous decade" represented the response of an incipient national bourgeoisie at a moment of crisis when its class position should have been, and to a certain extent was, in ascent, but when it was also being contained by the representatives of the traditional order. It remained for Peronism to push its interests to the forefront. The limitations in this nationalist perspective did not therefore become fully apparent until they found their full expression in governmental policy a decade later. They were however, already implicit in this nationalism's petit bourgeois class base. Thus although populist-nationalism's lack of class distinctions in its analysis enabled it to have such wide appeal that it became the popular political conscience of its time, its lack of class analysis also became its principal weakness. Beyond vague generalities, it had no penetrating social analysis. This was not accidental; it resulted from its being the product of a petit bourgeois intelligentsia. Speaking of populist-nationalism's chief organizational expression in the thirties, the Fuerza de Orientacion Radical de la Joven Argentina (FORJA), Juan Jose Hernandez Arregui notes that the proletariat was non-existent in their analysis of the historical development of nationalism.

> In its extensive pamphletary and political literature of ten years, the word <u>proletariat</u> was mentioned only once, and then in a purely incidental manner. The term working class, never. FORJA preferred to speak of <u>the people</u> as an idealizing generalization which is, precisely because of the petit bourgeosie's fear of class, an ideological technique to avoid recognizing the existence of classes and real social antagonisms.[1]

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[1] Hernandez Arregui, pp. 389-90. My translation, emphasis in original.

On the other hand, as Hernandez Arregui also points out, without this type of nationalist agitation, the entrance of the Argentine masses onto the political stage and the emergence of a mass anti-imperialist struggle would never have taken place.

The third interrelated aspect in the populist-nationalist perspective that provided Peronism its strength and made for its limitations was populist-nationalism's emphasis on, and attitude towards, industrialization. The populist-nationalist critique helped undermine the deep-seated belief in the inevitability of Argentina's agro-pastoral role in the world economy. By attacking the oligarchy, its agro-pastoral base and its free trade orientation, Scalabrini Ortiz and others contributed to the goal of industrialization through government policies. But while the diagnosis of Argentina's economic ills was accurate, the type of industrialization prescribed was an insufficient remedy. Scalabrini Ortiz saw industry as

> the results of economic independence rather than its cause. Scalabrini saw industry as something toward which the Argentine economy automatically tended . . . The conservative oligarchy had deliberately placed obstacles in the way of industrialization--low tariffs on imports, high duties on raw materials, high railroad rates, manipulation of credit and currency--so that the problem was not so much to plan and promote industry as to dislodge the oligarchy and the British from power and allow events to take their 'natural' course.[1]

The economic policies of the Peronist government based themselves on this analysis and assumed that self-sustaining industrialization was the automatic result of economic independence rather than its necessary foundation. This was one reason why so many key problems were ignored and vigorous action postponed, until it was too late for the Peronist

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[1]Falcoff, pp. 99-100.

regime. Consequently, while industrialization was certainly very high on the agenda, the regime's policies did not go far enough beyond those that had already been instituted by its oligarchic predecessor.

As will be shown further on, an important reason for Peronism's failure to deal decisively with the roots of foreign dependency within Argentina's class structure, was due to the fact that Peronist anti-imperialism did not go beyond that of the populist-nationalist critique. Though it effectively attacked the oligarchy's political control with popular mobilizations, Peronism did not substantially challenge the oligarchy's material base in landownership. Even the oligarchy's institutional expressions like the Sociedad Rural Argentina and the Catholic Church were not confronted by Peronism. The hypothesis explored in this study maintains that the Peronist government followed economic policies, such as protective barriers, that sought to strengthen national industry. It did not however, seek to alter the class relations involved in this process. In this way, the regime neglected the internal foundations that later reversed the trend towards economic independence and autonomous growth.

Conclusions

This chapter addressed two of the conditions for the emergence of a transitional period: 1) an international crisis with internal repercussions severe enough to disrupt the ongoing pattern, and 2) the development of the infrastructure for the new pattern. The chapter showed how the industrial plant and equipment, on which the new pattern would base itself, were being rapidly expanded as manufacturing became the leading sector in growth rate.

The analysis focused primarily on the domestic repercussions of the international crisis set off by the 1929 crash. It discussed the growth of the state apparatus and the tendency toward greater autonomy for the state, which resulted from the increasing complexity of the class forces structured around the ruling alliance and those opposed to it. Factors instrumental in the emergence of Peronism were examined in the context of analyzing the modifications of the externally oriented growth pattern introduced during this period. In providing an increased role for the manufacturing sector and the groups tied to it, these modifications succeeded in intensifying the contradictions that brought Peronism to power. By sponsoring a certain degree of internally oriented growth as a prop to maintaining an externally oriented economy, the oligarchic regime provided an increased role for industrialists and labor, but it also constrained them and postponed and suppressed their demands. These were contradictions utilized by Peronism in pushing the import substituting developmental model initiated in the thirties to its full potential in the forties. In the above pages we also noted that the populist-nationalist critique of the thirties provided Peronism its class orientation and programmatic direction. These will be looked at further as we analyze the Peronist regime's strengths and weaknesses.

CHAPTER IV

PERONISM'S ACHIEVEMENTS, 1943-50

Introduction

In Chapter 3 I covered the first two conditions for the existence of a transitional period. This chapter analyzes the factors involved in the remaining two conditions: the mobilization of a social base into a political force strong enough to counter that of the traditional ruling strata and determine the use of available resources; and the presence of the material conditions needed for the emerging developmental patterns to succeed.[1] As will be seen, though theoretically distinct, these two conditions were in reality closely interconnected.

Peronism achieved its greatest successes in the areas of industrialization and social welfare. These achievements were closely related in that they depended on a very favorable confluence of external and internal factors. This chapter argues that in the first place, the increased demand for traditional exportables and the lessening of foreign competition in the industrial area due to the war, provided the material foundation to cover the costs for both industrialization and social benefits. In the second place, the policies enacted to achieve these ends depended on the mobilization of social forces strong enough to offset the power of the previously dominant groups. The diverse

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[1] See pp. 23-4, above.

social sectors mobilized into Peron's power base, in turn, were held together by the benefits derived from the regime's policies.

Following the theoretical framework adopted in this study, the analysis focuses on the continuities and differences with shifts already present in the prior period. Understanding the basic continuities of Peronism and the ways in which it departed from its oligarchic predecessors reveals the contradictions within Peronist development. The theme of the analysis is that Peronist policies intensified the contradictions emerging from the shifts of the thirties to the point that their impact went beyond quantitative to qualitative change.

The analysis will show that the type of manufacturing activity initially benefiting from Peronist policies was essentially the same as that which had experienced rapid expansion in the thirties. In promoting a basically import substituting industrialization within a capitalist framework, Peronism did not depart from the policies of its predecessors. This was true not only in the type of enterprise which proliferated--small scale, producing non-durable goods for domestic consumption--but also in the fundamental social relations governing industrial activity, which remained the same in spite of shifting the balance of power in the bargaining arena towards labor.

Though the nature of manufacturing activity promoted did not differ from that of the thirties, the amount of industrialization encouraged did represent a departure and did lead to fundamental shifts in the developmental pattern. The years between 1945 and 1949 marked the most intense industrialization Argentina had ever experienced.

Indeed, 1944-45 represents the turning point at which the proportion of the Gross Domestic Product contributed by manufacturing became consistently larger than that contributed by the rural sector.

The Peronist years were the critical juncture in Argentine history when the relationship between agriculture and industry was reversed. In other words, the 1943-45 period represents the decisive stage in the transitional process toward dependent industrialization because the nature of productive activity underlying Argentine economic life was fundamentally altered during those years. Industrial production oriented to the internal market became the predominant form of economic activity.[1]

This chapter looks at the external and internal conditions so favorable to the rapid and consistent expansion of manufacturing activity, and to the development of the national market for consumer goods between 1943 and 1950. In relating the external factors, following pages explore the beneficial effects of World War II and of the immediate post-war period on Argentina's international position. Europe's increased demand for Argentina's traditional exports produced the foreign exchange reserves needed for purchasing machinery and equipment. Moreover, Britain's weakened position as an exporter of manufactured goods and North America's preoccupations in the war effort, enabled Argentine industry to fill the vacuum. As far as the

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[1]The fact that Argentina's proportion of the population employed in industry was the highest in all of Latin America in 1950, indicates how important the manufacturing sector had become. See John P. Cole, Latin America: An Economic and Social Geography, (London: Butterworth and Co., 1965), p. 169.

internal factors are concerned, industrialists benefited both directly and indirectly from the sectoral and social redistributive policies of the regime. They were aided directly through availability of state financing on easy terms, and indirectly via expansion of the domestic market and minimized industrial strife, resulting from higher wages and increased purchasing power of workers.

To achieve the astronomical rise in manufacturing activity that took place from 1943 to 1950, Peronism incorporated aspects into its policies that diverged radically from the oligarchic developmental model. Whereas industrial activity in 1930-43 was subordinated to preserving rural production as the foundation of the economy, in the 1943-50 period agricultural production was clearly subordinated to the requirements of the manufacturing sector.[1] Indeed, reversing the traditional subordination of manufacturing to agricultural production was the cornerstone of Peronism's strategy for industrialization. With the creation of I.A.P.I. (Instituto Argentino de Promoción del Intercambio), Perón channeled the surplus generated by the rural sector into industrial production. Besides the monopolization of agricultural exports by the state, other policies designed to achieve industrial growth and economic liberation included: nationalization of British-owned railroads and foreign-owned utility companies, development of a state-owned merchant marine with considerable tonnage under Argentine flags, creation of the Banco Central de la República Argentina, and Five Year Plans with a priority on industrialization using such means

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[1] Next chapter's analysis deals with the retrogression in this relationship during the 1950-55 period.

as state investments and subsidies and the liberalization of credits.

Essentially, these policies resolved the contradiction between production for external markets and economic activity catering to domestic needs, in the direction of the internally oriented growth pole. Obviously these policies undermined the interests of the foreign and national groups that had determined the developmental process prior to Peronism. For this reason, in order to assert the new developmental pattern, a mass mobilization under nationalist banners, Peronism's political tool, became an essential component in overcoming the resistance to the traditionally dominant groups.

Populist-Nationalism

This section appraises the doctrine that served Peronism in its mass mobilizing efforts. An outgrowth of the nationalist polemics of the crisis of the thirties, populist-nationalism called on "the people," including all popular sectors--workers, peons, small farmers, middle classes, national entrepreneurs--to band together in a crusade to rescue the nation from the domination of foreign interests and their local allies, the vendepatria (sellout) rural oligarchy. Populist-nationalism provided Peronism with its class orientation and its programmatic direction. In tracing these, the survey that follows concentrates on those aspects of Peronist doctrine which cast light on the regime's strengths and weaknesses. I begin with the consumerist orientation in Peronist economic policy.

With more than a little exaggeration, Perón remarked that "We have overthrown an entire [economic] theory and system that has been applied for a century and a half throughout the world and on which

thousands of volumes have been written."[1] He was referring to the primacy of the sphere of consumption in the orientation of the regime's economic policies during its first period in power.

> When we improve the standard of living and increase consumption, we subordinate capital to the economy and production to consumption. We do not ask the industrialists if they will produce more when we raise salaries five-fold and increase consumption. . . . They are producing more. . . . Everybody eats more, dresses better, and lives more happily, and the capitalists make more profit than they did before.[2]

This orientation accorded with the propitious economic conditions for Argentina at the time which allowed the regime the possibility of instituting reforms with a minimum of social turmoil. However, because it confined itself to the sphere of consumption, this orientation also proved a liability in that it diverted attention from consideration of the sphere of production. Hence, when the situation favoring a consumption orientation approach shifted, Perón and his policy-makers failed to move aggressively in changing the social relations of production. In this way, they diminished their chances of successfully confronting the burgeoning crisis.

Though the emphasis on consumerism ultimately created more problems than the regime could cope with; while the advantageous conditions prevailed this policy orientation obviously brought the Perón government enormous popularity; thereby solidifying its bonds with the popular sectors. Those aspects of Peronist economic doctrine

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[1] Juan Perón, Conducción política (Buenos Aires: Editorial Freeland, 1971), p. 74. My translation.

[2] Ibid., p. 75.

which confined the regime's attention to the sphere of circulation were thus both a source of strength as well as being responsible for serious limitations.

There were also strengths and weaknesses implicit in how Peronist doctrine treated the international dimension. The connection between economic dependence and foreign domination was one of the maxims frequently repeated in Perón's statements. "Without economic independence," he said in a speech at the Military School on August 7, 1945, "we shall always remain a semicolonial country."[1] On another occasion Perón observed, "I have said many times that in our internal as well as international actions, we face but one problem and that problem is the international problem."[2] Perón compared the functioning of the international system to a central tank, representing the advanced industrial nations, and a series of tanks connected to it representing the peripheral economies. Labor and wealth are the liquid travelling through the system and the volume contained in the central tank depends on how much is siphoned off from the periphery. "There is then only one remedy: put a shut-off valve on the pipe connection to the central tank. . . . Our economy was only able to achieve this with the first phase of its economic independence. It was not easy."[3]

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[1]Quoted by Alejandro Peyrou and Ernesto Villanueva, "Documentos para la historia del peronismo" in El peronismo (Buenos Aires: Carlos Perez Editor, 1969, p. 204. My translation.

[2]Perón, Conducción política, p. 244.

[3]In a statement made on July 23, 1947. Cited by Peyrou and Villanueva, pp. 239-40.

Despite his simplistic analogies, Perón disseminated a fairly sophisticated understanding of the international system. It encompassed a clear awareness of the consequences of challenging dependence on external interests.

> [Though threatened with economic pressure and the sabotage of foreign trade] . . . we have decided to remain in the category of those who choose not to submit . . .
> That is why foreign interests will never forgive us and will try for many years to recover what they have lost. That is why they aim to boycott us by again invoking economic blockades and international controls. But here too we know how to overcome them.[1]

On this latter point Perón proved to be wrong. Though Perón's government struggled to resist direct foreign pressures, it was less able to overcome the more subtle forms of economic penetration by foreign interests. The analysis in these two chapters shows that in spite of drawing the connection between the international and the national, Peronist doctrine did not lead to directly challenging these internal manifestations. This was a key factor in the ousting of Peronism from state power.

No discussion of the international dimension in Peronist doctrine would be complete without mention of the "third position." Perón used "the third position" to distinguish justicialism, from capitalism--the first position--to which his movement was a response, and communism --the second position--which had failed as a solution.[2] The term was defined in a variety of ways including, in the economic realm, as "the

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[1] From statement dated July 6, 1951 in Peyrou and Villanueva, p. 244.

[2] For example in a lecture given at the Escuela Superior Peronista on July 2, 1953. In Juan Perón, Filosofía peronista (Buenos Aires: Editorial Freeland, 1974), p. 265.

abandonment of free enterprise and a planned economy, and their substitution by a system of a social economy to which one arrives by placing capital at the service of the economy."[1] But its most enduring meaning was in the area of international relations where Perón rightfully claimed to be a founding father of the movement of Third World, non-aligned nations. In a later, definitive statement on the subject, Perón asserted:

> Recovery of national dignity requires taking a position, defining this position vis-a-vis the conflict between the two camps, such as Argentina has done. But she has defined herself, not within one ofjthe two camps; instead she has opted for an independent third position.
>
> Nevertheless, Argentina does not pretend to create a third force to intervene between the conflicting imperialist camps; she wishes only to act in her sovereign capacity to decide her own destiny and to integrate this destiny fraternally with her sister nations of Latin America.[2]

In one of his many earlier anti-imperialist statements, Perón pointed out that the struggle for economic independence, to put into effect the principles of sovereignty and nationhood and the conception of the juridical equality of states, meant "preventing the interference of capitalist imperialism which, in its hunger for profits and in accordance with its own interests, withholds from the natives the benefits of their labor and of the exploitation of their wealth, taking fabulous earnings out of the country and having a negative impact in the economic and social realms, and often condemning the country's children to live a life of misery."[3]

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[1]Message to Congress on May Day 1950. In Filosophía peronista, p. 271. All citations from this source are my translation.

[2]Ibid., p. 269.

[3]Made on the 24th of May of 1948. Cited by Peyrou and Villanueva, pp. 295-6/

It is important to stress the anti-imperialism in Peronist doctrine because it provided a key basis for the movement's mass appeal. It is also important to note that contrary to the allegations which view Argentine expressions of anti-imperialist solidarity with Latin American nations as a cover for continental hegemonic aims, such expressions reflected a sympathetic understanding for parallel struggles against a common enemy.

> Getulio Vargas, authentic representative of the Brazilian people, triumphs against the pressure of the North and the dollars of Standard Oil. Paz Estenssoro in Bolivia overcomes the same foreign opposition. Ibañez in Chile wages a similar struggle against the imperialist interests. Venezuela squashes a coup attempt of the foreign type, so common on this continent of "the Good Neighbor." Near her, other countries suffer the same threats. Guatemala has been the victim of almost twenty coup attempts in four years, all discharged from the same direction. Puerto Rico fights for her independence against the common danger of all our people. In Central America Guatemala, Honduras, El Salvador, Nicaragua, etc., get together, all of them being on "the list" and jointly exploited and threatened.[1]

It must be noted however, that despite his vigorous statements, Perón was essentially a pragmatist. Thus in the same year that he made the above statement, in observing that there would be a war between the two imperialisms in which "one would triumph and the other be defeated but in which neither of the two, neither the victor nor the vanquished, would win the war," Perón justified Argentina's participation in the U.S.-sponsored anti-Soviet bloc. "For political, ideological, geographic, and strategic reasons, we cannot come out in favor of Communism. . . . We know where the center of gravity for our actions must lie: within the Western bloc."[2]

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[1] Dated October 25, 1951 in Peyrou and Villanueva, p. 317.

[2] Conducción política, p. 251.

Nevertheless, Perón responded to and, in turn, deepened the anti-imperialist consciousness of the Argentine masses. Following in the footsteps of populist-nationalist polemicists of the thirties, Perón found a responsive echo when he taught Argentines to respect their own and despise the elitists who downgraded the indigenous and identified with the "superior" culture emanating from abroad. He characterized the renowned Argentine intelligentsia as "constantly looking to Europe with envious eyes, ashamed of being Argentine and American, underestimating their own people, who could be the only source of something substantial and authentic." "The ruling classes," he said, "had a predilection for the French, the British or the Yankee, and absolute contempt for the Argentine."[1] The consequences of cultural imperialism, Perón taught, were "to create deceptive ideas about superiority and foment petty conflicts among people of a common destiny, such as those of South America." Such conflicts undermined the basis for an international solidarity against imperialism. "Just as freedom is vital for a person's full development, so a people need freedom if they are to achieve their cultural destiny."[2]

I must emphasize a point that is essential to this analysis of Peronism. Though Perón often tended to identify his anti-imperialism with anti-capitalism, he was not an enemy of capitalism per se and was in fact, in his own words, its best friend. He was a firm supporter of national capitalism and a foe of international capitalism. In

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[1] Filosofía peronista, p. 253.

[2] Ibid., pp. 254-5.

one of his clearest expressions on the subject, Perón underlined this point:

> We are not in any way enemies of capital and the future will show that we have been its true defenders. It is necessary to clearly discriminate between the international capitalism of the great consortiums of foreign exploitation and the patrimonial capital of industry and commerce. We have defended the latter and mercilessly attacked the former. International capitalism is cold and inhuman; patrimonial capital of industry and commerce represents, in our view, a working tool for businessmen. International capitalism is an instrument for exploitation while patrimonial capital [i.e., national capital] is one for well-being. We are not enemies of capital, even foreign, that dedicates itself to its business; we are however enemies of capitalism, even Argentine, that erects itself into an oligarchy in order to challenge the nation's right to govern itself and the state's privilege to defend the state against ignominy and against treason.[1]

Perón proved to be a good friend to national capitalism. His policies promoting industrialization were motivated by a desire to aid indigenous entrepreneurs. In enacting policies proceeding from the view which considered the growth of national industry and economic independence to be fundamentally interrelated, Perón was implementing a program agitated for by Argentine industrialists in the thirties. Consider the following written by Benjamín Villafane in the December 1930 issue of the Anales de la Unión Industrial, the major organ of the industrial bourgeoisie:

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[1]October 21, 1946, as cited by Peyrou and Villanueva, pp. 237-8. This contradictory assessment of capitalism as both progressive (when national) and reactionary (when imperialist) is consistent with those interpretations such as Jorge Abelardo Ramos' in Revolución y contrarevolución en la Argentina (Buenos Aires: Plus Ultra, 1965), 2: 619, which see the Peronist period as one of bourgeois "democratic-national" development towards socialism. Though it also recognizes the progressive strains inherent in Peronist populism and nationalism, this study differs in that it does not conceive of the outcome of Peronism's contradictions to be inevitably in one direction.

> What were the prospects for national industry the day the European war [World War I] finished? The most indispensable plants for our national life had been born. They were strong and potent, and a moderate protective barrier would have been sufficient to achieve the industrial emancipation of the nation. That would have been tantamount to gaining our true freedom. Because a people are not free if to dress themselves their wool must be knit for them and they depend on others to provide them with machinery they need to till the soil and harvest their crops. The steel industry, mother of all industry, backbone of the nation's wealth and indispensable to the army and the navy for national defense, was flowering. . . . It was well on the road to providing the nation's needs. . . .
>
> Factories producing peanut oil were in bloom. . . . We were manufacturing a good part of the clothes to dress our people. What happened then? Instead of protecting these industries they were deliberately decimated. . . .
>
> Customs doors were thrown open to oils from Italy and Spain, at precisely the time when these countries were rejecting our meat. And our peanut oil factories, producing a product superior to the imported ones, had to close their doors and our farmers abandon their fields.
>
> The same thing happened to the wool-processing industries, textiles, and many others. . . .
>
> Without a doubt, if we had not insensitively killed off our national industries born out of the European war, we would have been in a better position and could have told Europe and the United States when they closed their doors to our grains and cattle, "You don't buy our products, well we won't buy anything from you even though it will cost us more to produce what we need locally." And we would have come out ahead because the money that stays at home enriches everybody. Today we have no choice but to complain uselessly about our foolishness and to deliver the fruits of our labor at the prices they are willing to pay us and pay dearly for what they are willing to sell us.
>
> A people without economic independence is not a free nation.[1]

Thus, far from threatening the interests of national capitalists, the Peronist push for economic independence in fact incorporated the programmatic orientation of important sectors of national capital. But what about that other basic foundation of Peronist economic policies:

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[1] Cited by Antonio Cafiero in Cinco años después (Buenos Aires: Impresores El Gráfico, 1961), pp. 206-7. My translation; emphasis in original.

to put capital at the service of the economy?[1] Here it must be stressed that, in spite of occasional rhetorical lapses--especially when Perón was under attack and needed counterpressure from the masses--Perón had no intention of reversing the role of capital in defining the relations of production. Quite the contrary. His reformist intentions were motivated by the desire to undercut the potential for revolutionary transformations. Perón repeatedly justified his policies redistributing wealth on these grounds. For example, in a speech to the Chamber of Commerce on the 25th of August of 1944:

> Capitalist gentlemen, do not fear my pro-labor orientation. Now more than ever, capitalism is secure because I too am a capitalist. I have a ranch and workers on it. What I wish to do is to have the state organize the workers so that it can direct them and orient them in the right direction. This way we can neutralize the ideological and revolutionary currents within the working class that threaten our capitalist society in the post-war years. One must give the workers something and they will be a controllable force.[2]

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[1] Defining the basic foundations for his policies at the height of his achievements in opening the legislative session on May Day of 1948, Perón stated:

> We found the economy at the service of capital. The reform consisted in placing capital at the service of the economy. We found a colonial economy. The reform consisted in achieving economic independence.

And he added:

> These two achievements of the new Argentine economy are the basic foundations for any economic and social evolution to be carried out in the future.

Cited in Eldon G. Kenworthy, "The Formation of the Peronist Coalition," Ph.D. Dissertation (Yale University, 1970), pp. 274-5.

[2] As cited in Dardo Cúneo, Comportamiento y crisis de la clase empresaria (Buenos Aires: Editorial Pleamar, 1967), pp. 171-2. My translation. Note the similarity of these views to those expressed one hundred years earlier by that great populist of his day, Juan Manuel Rosas. See footnote 1 on p. 68 above.

Though clearly aimed at eliciting his audience's sympathy, the sentiments expressed here are a consistent theme in Perón's pronouncements.

There is no doubt that one of Perón's almost obsessive preoccupations was to win the workers away from communism which he perceived to be his major adversary for the workers' loyalty. In the same speech cited above, given in the initial period when Perón was still Secretary of the Department of Labor and Social Welfare, he characterized the problem presented by the unions in terms of their leadership being forty percent Communists or Communist-sympathizers.[1] That is why, he argued, it was so important to use his Department to win the workers' trust so that they could be organized into a force at the state's disposal. On another occasion Perón described his initial preoccupations as Secretary of Labor and Social Welfare more graphically:

> Some, when they heard me give my first speeches at the Secretariat of Labor and Social Welfare, said, "This guy is a Communist."
>
> And indeed I did speak a little like a Communist. Why?
>
> Because if I had spoken in any other language for my first speech I would have received the first orange thrown at me.
>
> Because these were men that came with forty years of Marxism and with Communist leaders.
>
> I wanted to please the latter a little bit but it was really the others who interested me because it was these that I wanted to take away from them.
>
> The Communist leaders brought me these people because they wanted me to see that they were backed by the masses.
>
> I received them and made them believe that I believed that.
>
> But what I really had in mind was to take the masses away from them and leave them without any backing.[2]

"Putting capital at the service of the economy," "humanizing capital," and "the social economy;" indeed the Peronist focus on "social

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[1] Peyrou and Villanueva, pp. 215-6.

[2] Conducción política, pp. 290-1.

justice" emphasized redistributing income towards the workers. On the 25th of April of 1945, Perón said:

> A national duty of first rank importance which nowadays is an already universally accepted postulate, demands that economic organization be transformed to serve the people. This is democracy's true objective in the social realm. If industry resists being put in the position of paying remuneration to the workers that allows them to buy and utilize the products produced by their labor, then it will experience a considerable regression and we return to the ancient crises of underconsumption.[1]

Perón readily admitted that his initial efforts at redistributing wealth did not flow from a concern about the production of wealth.

> It would have been logical to see how much we produced, how much we could afford to pay, and then pay in relationship to this calculus. We did the exact opposite without thinking whether we could or whether we had it, we said: "Pay, later we will figure out how." That is to say, "we burned our bridges behind us" because there was no turning back.[2]

Though Perón clearly envisioned his reforms in the redistribution of wealth as salvaging capitalism, he encountered stiff resistance from the industrial bourgeoisie. His social policies provided the impetus for their opposition and the chief rationale for their enthusiastic participation in the "Democratic Front" opposing Perón in the 1946 elections. The going over of the industrial capitalists into the camp of his enemies caused Perón some bitter disappointment. On May Day of 1947 he said:

> if something hurts me deeply, it is that some capitalists have not given my social policies the collaboration they deserve and that, united with the oligarchic opposition, they have fought us. They are blind and they cannot even appreciate what is going on in the world. I have warned them repeatedly: by wanting to defend it all, they will wind up losing it all if they don't change their behavior.[3]

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[1] Peyrou and Villanueva, p. 255. [2] Conducción política, p. 79.

[3] Peyrou and Villanueva, p. 249.

The theme that emerges from Perón's pronouncements on capitalism is that he viewed it as a necessary force in the organization of the economy which, however, left entirely unchecked would be driven to self-destruction by the capitalists' greed for profits. Consequently, it was the state's role to confine the capitalists' striving for gain within just limits and ensure that benefits were spread to the people. The state should not, however, overstep its proper bounds. Beyond ensuring equitable distribution of income, its legitimate function lay in stimulating economic forces in the production of wealth by preventing them from working at cross-purposes. In other words, the state should assist indirectly and not take a direct part in the organization of the forces of production.

Early on, on the 6th of September of 1944, in a speech inaugurating the National Post-War Council, the organization formulating the regime's economic policy, Perón set the tone for the role the state was to play in economic matters.[1] He stressed the part played by private capital in achieving economic growth and emphasized that the state's role must not interfere with private capital's initiative. The state must confine itself to setting ground rules promoting the most efficient utilization and expansion of economic resources, including labor, and ensure a just equilibrium so that the workers would also benefit. This was one of those occasions where he drew the analogy of the state's directing role as not interfering with economic freedom any more than the setting of traffic regulations interfered with a driver's freedom to go anywhere.

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[1] Peyrou and Villanueva, pp. 231-33.

Perón viewed the state as an instrument whose "natural function" was that of "coordinating the general interests of society."[1] The state should coordinate the general interests because this was necessary in order to prevent conflict and struggle between classes as well as to achieve the happiness and well-being of the whole people, without distinction of class or social status. Since they were both to be used for the same end--the happiness and well-being of the people--Perón saw no contradiction between freedom and authority. Thus he rejected the notion of liberty propounded by liberalism as an end, and saw it rather as a means. According to Perón, "Once the Justicialist Revolution abolished the privileges of oligarchy, the Argentine State would be transformed into a social democracy thus overcoming the antagonism between the common citizen and the state because the people would be sovereign."[2]

One of the motivations which played a key part in Perón's actions from the beginning to the end of his political career was the desire to avoid discord and social turmoil. It is one reason why he placed so much emphasis on achieving national unity. With the recent experience of the Spanish Civil War in mind, he said in a speech on August 25, 1944:

> We seek this unity [of all Argentines] because we understand how any departure from the national consensus, no matter how insignificant at the time, will end up as a negative factor for future solutions. And if this departure is of major proportions and the people do not unite, they will be the authors of their own undoing because it is beyond doubt, gentlemen, that if we continue playing at partisanship, we'll end up fighting; and in this struggle no one will win and everyone will lose. . . .[3]

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[1] Filosofía peronista, p. 170. [2] Ibid., p. 150.

[3] Peyrou and Villanueva, p. 227.

Perón seemed to have been sincere in this desire to avoid civil strife. The fear of precipitating a civil war was the reason cited by Perón why he chose not to put up a fight at a time when he probably could have overcome the forces which overthrew him. Instead he peaceably chose to go into exile in 1955.[1]

The fear of social discord spilling over into insurrectionary violence forms a persistent theme in Perón's thinking. Repeatedly he justified the state's role in integrating the masses by giving them a material stake in the system on those grounds. He used the same reasoning in stressing the state's instrumentality in organizing the masses structurally because, as he put it, the greater danger comes from a fluid, unorganized mass.[2] From this one could conclude that Perón was nothing but a demagogue bent on manipulating the masses for his egotistical ends. The manipulative element undoubtedly played a part in Perón's actions but, at the same time, it would be a serious error not to see his faith in the masses and his sincere desire to

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[1]According to Arthur Whitaker, the forces directly involved in Peron's overthrow were confined to "a part of the armed forces, with little active civilian participation, except in Córdoba. . ." Up "to the moment of Perón's resignation the forces loyal to him still controlled the country's second largest city, Rosario, and most of the provinces, in addition to metropolitan Buenos Aires, which contains one quarter of Argentina's 19 million inhabitants." Arthur P. Whitaker, Argentine Upheaval: Perón's Fall and the New Regime (New York: Praeger, 1956), pp. 29-30.

Though at a high cost, a movement of loyal troops against Córdoba would probably have crushed the revolt. Perón refused to order such a mobilization. In his open letter of resignation to the Army and the people, he said he wished to spare the nation a civil war and the city of Buenos Aires a bombardment.

[2]For example, in the speech referred to above. Peyrou and Villanueva, pp. 214 and 217.

defend their interests as a motivating factor. To see only the demagogic in Perón is to completely miss the dynamic aspect that made Peronism such a living force for over a quarter century of Argentine politics. The following is, I believe, a relatively honest assessment by Perón of the role of the masses in his movement:

> Peronism has an essential task to accomplish among the Argentine people: to raise their political and civic consciousness.
>
> Without it we will always be vulnerable to having the masses taken away from us; but if we teach the masses to distinguish for themselves, to appreciate for themselves, to understand for themselves, then we can rest assured that they will never be fooled again.
>
> And, if they cannot be fooled, the masses will not go with those who have bad intentions, but will instead go with those who have good intentions.
>
> And this will be a safeguard for Peronism, so that we may never have any bad intentions, and that we be the instruments of the people, and never make the people our instruments.[1]

The massive popular support enjoyed by the Peronist regime has often been misinterpreted as evidence for, either Perón's demagogic skills, or the charismatic nature of the ties between Perón and the masses. Though there is an element of truth to both views, the important point is the rational and instrumental connection between the regime and its popular base. Eldon Kenworthy develops this argument in his careful and detailed critique of Seymour Martin Lipset's interpretation of Peronism as an instance of "working class authoritarianism."

> Lipset assumes that "a desire for immediate action," a rejection of "a gradualist image of political change," and a tendency to place more faith in strong leaders than in liberal democratic institutions constitute prima facie evidence of projection, subrational political behavior. But is this not merely a projection of Lipset's own values? There <u>are</u> situations in which "extremist"

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[1] <u>Conducción política</u>, p. 141.

> politics are instrumental politics and in which adherence to liberal democracy represents an evasion of reality.[1]

Analyzing the best empirical data available in studies of election results of the forties and fifties, Kenworthy shows that Perón's labor voters were clearly rational from the point of view of self-interest. As will be shown shortly, the regime's redistributive and pro-labor measures benefited workers and lower income groups in a dramatic and unprecedented way. The Peronist slogan "Perón cumple"--Perón delivers--was no empty rhetoric. Though the promotion of the popular sectors' material interests was clearly self-serving for the regime in the sense of building and solidifying a base, I believe it is misleading to see Perón's views of his relationship to the masses and his characterization of their role in purely manipulative and demagogic terms. Certainly Perón's exhortations of popular sovereignty served his purposes and were cast in supremely egotistical terms, yet they were also sincerely felt. The intense loyalty of Perón's followers is best understood in both an objective and subjective sense: gratitude for the real improvements Perón's rule had brought and a recognition of the sincerity of Perón's belief in the masses as the real Argentina.[2]

This genuine commitment to popular sovereignty in Peronist doctrine runs counter to the interpretation of Peronism as an example of

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[1] Eldon Kenworthy, "The Function of the Little-Known Case in Theory Formation or What Peronism Wasn't," Comparative Politics 6 (1973): 30. Emphasis in the original.

[2] For a different view on Peronist conceptions relating to organizing the masses and a different portrayal of the regime's relations to its mass base, see Walter Little, "Party and State in Peronist Argentina, 1945-55," Hispanic American Historical Review 53 (1973): 644-62.

corporatism. Though the regime's practice often deviated, the fact that there was an official commitment in Peronist doctrine to an autonomous role for the masses served to spur on initiative from below. Thus, for example, on October 6, 1952, Perón said:

> We must then listen to the genuine voice of the people as expressed by their own organizations and for that we need the people to be organized. That is why our system needs real representation, that is to say the organization of the popular forces so that they ensure that their representatives execute from within the government what the people want. That is to say, that the government be controlled. It is necessary to avoid placing numbers of people in jeopardy through discretionary acts or the personal excesses of a leader. In other words that the people act as weight and counterweight in the organization; so that if the government wants to adopt a measure that might be contrary to the interests of the community, they can make themselves felt to prevent its implementation. This is not limiting government but rather collaborating with it in order to avoid all possible inconveniences that can result from a strike or any other reaction of the people to something that does not accord with the interests of their representatives. . . .
>
> The only guarantee against bad government is popular organization. That is why I fight for it. I fight for it so that there will be no bad government, and if some day we become a bad government we will perish from our own creation, because it will be the popular organizations that will eliminate us.[1]

Perón's conception of how to structure and organize his movement allowed for relative autonomy for lower level cadres so that they would exercise ingenuity and initiative. He demanded allegiance to general directives but also encouraged independence and initiative from below in carrying them out. Perón's distinction between military and political leadership is instructive in this regard. The former commands and orders, the latter relies on persuasion and winning people over. A political leader mobilizes people's convictions and can

[1]Cited in Peyrou and Villanueva, 288-9. This orientation contrasts with the clearly corporatist and elitist notions espoused by Francisco José de Oliveira Vianna, Getulio Vargas' advisor on labor matters. See Kenneth Paul Erickson, The Brazilian Corporative State and Working Class Politics (Berkeley: University of California Press, 1977), p. 16.

therefore count on their fervent support. After Perón's overthrow in 1955, independent initiative from below expressed through militant actions by workers apart from, and quite often against, the express orders of the trade union bureaucracy, allowed Peronism to survive as a dynamic force within Argentina's working class in spite of over fifteen years of severe repression. Indeed, it was the resilience of its working class backbone, that enabled Justicialism to emerge as the majoritarian expression of the Argentine people in 1973.

Perón's insistence on the organization of all interests and on the state setting the guidelines for their legitimate activities, so that the general, and not some particularistic interest emerges, exemplifies the regime's corporatist tendencies. The corporatist aspects in Peronist doctrine can be traced to a combination of nationalist and military influences. We have already seen how Peronist doctrine came out of the populist-nationalist critique of "the infamous decade." Peronist emphasis on industrialization and even its commitment to progressive reforms can also be explained as arising from military influences.

> In the famous conference on the "Significance of National Defense From the Military Point of View" given in La Plata on the 10th of June of 1944, the then Colonel Perón--deliberately citing von der Goltz--applies the idea of "the Nation in Arms" to Argentine reality:
>
> The two words "National Defense" may lead some to think that we are dealing with a problem of interest only to the Armed Forces. Nothing could be further from the truth. In reality its solution involves all of the nation's inhabitants, all of its energy resources, all its wealth, all its industry, its means of transportation and communication, etc., the armed forces being but . . . a fighting instrument in this great complex which makes up "the Nation in Arms."
>
> Perón criticized the shortsightedness behind opposition to production of war material, for it had to be bought abroad at high prices and by not "establishing the factories that could produce these within the country, which would now be operational,

> we also failed to gain considerable industrial experience." And he adds: "What I say about war materials can be extended to farm machinery, means of transportation, land, river, and sea, and any other order of activity."[1]

Perón's rhetoric betrays his military background. He repeatedly used terms like strategy, tactics, campaign, retreat, enemy, traitors, victory, and so on. However, though he certainly stressed leadership and authority, one should not take the military element too far in accounting for his perspective on the organization of the movement and government.[2] Nevertheless, in the economic realm, not only did the military extend its influence by backing industrialization in general, but it also played a direct and significant role in heavy industry through its participation in steel production with the Dirección General de Fábricas Militares in 1947. Because it favored reliable knowledge on what material and human resources were available for mobilization, the military was also a large factor in Peronism's remarkable statistical and census data gathering. Even the Peronist emphasis on women's rights was acceptable to the military in view of the potential need for female labor on the home front in the event of war.[3]

This survey of Peronist doctrine highlighted several areas of significance to the analysis of Peronism as a transitional period. We

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[1]Alberto Ciria, Perón y el justicialismo (Buenos Aires: Siglo Veintiuno Editores, 1971), pp. 33-4. My translation.

[2]Peter Waldmann in Der Peronismus, 1943-55 (Hamburg: Hoffmann and Campe, 1974) tends to do this. See p. 171, for example.

[3]Ibid., pp. 170-1.

saw that Peronist doctrine called attention to and stressed the economic link between international circumstances and national realities. The wide appeal of Peronism's anti-imperialism aided Perón in his ability to mobilize the masses. Moreover, the expression of faith in the masses and the non-elitist character of Peronist doctrine encouraged the movement's broad-based rank and file to exercise initiative and ingenuity in supporting the regime.

Another theme in the survey needs to be stressed. Though strongly anti-imperialist, Peronist doctrine was not anti-capitalist. The regime had no intention of changing the social relations of production. It confined its preoccupations to the sphere of circulation, instituting substantive distributive reforms. These reforms, which were indeed impressive achievements and constituted a source of strength for Peronism, were facilitated by Peronism's inclusive class orientation. In the favorable economic climate for Argentina in the World War II and immediate post-war period, the regime could use its populist-nationalist doctrine to mobilize political pressure behind its redistributive policies and, the results yielded by these policies in turn, reinforced the regime's broad social base.

On the other hand however, Peronism's class orientation was also responsible for its major limitation: the failure to attack the internal base for dependency. The hypothesis explored in this study maintains that Peronism's populist-nationalist doctrine prevented the regime from making changes in the social relations of production. These changes would have given the regime a better chance to survive once the favorable context of the earlier period was gone. In the remainder of the chapter I elaborate on these points by showing how

the strengths and weaknesses in Peronism's populist-nationalism were reflected in the regime's class orientation and its programmatic direction.

Corporatism

In considering Peronism's class orientation, as distinct from its actual class base, it should be noted that the regime's populist-nationalist doctrine was heavily influenced by and contained a significant dosage of corporatism. Peronist doctrine is most usefully conceived as populist because it proclaimed its legitimacy as resting on the popular sectors while it also legitimized the state's role in terms of promoting their interests. At the same time Peronist doctrine can best be described as nationalist because it justified promoting the interests of the working class and the poor in nationalist terms. It also stressed "the people" as the embodiment of the nation as the ideological reason for their being the source of legitimacy. It is in drawing such a close correspondence between "the people" as a whole and "the nation," rather than connecting the popular sectors principally to class criteria, that Peronist populist-nationalism can be seen within a corporatist framework.

Certainly Perón articulated the classic corporatist position in his views on the proper function of the state as being above particular interests and acting as a neutral arbiter between them in enacting policies expressing the general interests of society over those of its narrow constituent segments. In particular Perón's views to the effect that the interests of capital and labor are not necessarily contradictory and that the state can and should mediate between them in formulating

a balanced economic program, conform to the corporatist paradigm. In this Perón was influenced by the ideas of José Figuerola who had come to Argentina from his native Spain in 1930 after having served in the Ministry of Labor under the dictatorship of Miguel Primo de Rivera.

> Figuerola published a book outlining concepts of state-labor relations which served as a model for Perón's labor ideology. The work, La colaboración social en Hispanoamérica, stressed the role of the state as mediator between capital and labor, the necessity of transcending "class conflict" and replacing it with social collaboration, and finally, of integrating non-political union organizations into the state structure.[1]

Significantly, it was José Figuerola who was largely responsible for reorganizing the Labor Department into the Secretariat of Labor and Welfare when Perón took it over.

However, if he had corporatist aspirations for his regime, Perón was unable to translate them into reality. From a corporatist point of view, the political practice of the Peronist government was, at best, ineffectual. Though he may well have been guided by a corporatist ideal in his outlook on class relations, the fact that his regime was firmly based on the popular sectors and on the working class in particular, made it politically impossible to achieve a corporatist model. Indeed, in the sense of succeeding at "balancing" the interests of capital and labor, contemporary Northern European social democracies can be considered to have come closer to the corporatist model.[2]

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[1] David Tamarin, "The Argentine Labor Movement in an Age of Transition, 1930-45," Ph.D. dissertation (University of Washington, 1977), pp. 294-5. See K. H. Silvert, "The Costs of Anti-Nationalism: Argentina," in his Expectant Peoples: Nationalism and Development (N.Y.: Random House, 1963), for a general discussion of Perón's corporatist tendencies.

[2] See Lee Panitch, "The Development of Corporatism in Liberal Democracies" in Philippe C. Schmitter and Gerhard Lehmbruch, eds., Trends Toward Corporatist Intermediation (Beverly Hills: Sage Publications, 1979).

It is the actual role of the working class that differentiates Peronism from Getulio Vargas' Estado Novo, which can more properly be seen as an instance of corporatism. The Estado Novo kept a tight rein on the Brazilian working class. Though not in fact organs of the state, the syndicates enjoyed little actual autonomy. By contrast, though the Peronist regime sought to control the unions, especially through the appointment of the top officials, Argentine unions had enjoyed a strong institutional life prior to Peronism. Indeed, the Peronist government openly recognized the CGT's role as the mediator between the workers and the political authorities. Because Peronism was never able to come close to corporatism in its actual political practice, it is more useful to conceptualize it as an example of populist-nationalism.

Peronism's Class Perspective

Justicialism came close to corporatism because Perón's deep-seated aversion to the divisiveness of social turmoil led him to make the pursuit of social harmony over class struggle an all-encompassing aim of the regime. The importance Perón attached to defusing the impetus toward revolution is evident in the speech he gave at the Military College on August 7, 1945. There he stated that just as the French Revolution had ended aristocratic government, the Russian Revolution had put an end to government by the bourgeoisie and ushered in the era of the popular masses in government. "This is a fact the Army must accept and place itself within this evolution. This is fatal. If we do not make a peaceful revolution, the people will make a violent one." This does not imply becoming a Communist, he continues, but it does mean placing oneself within the stream of world evolution

> for to resist it is like swimming against the current; it won't take long to drown. And the solution to this problem is to be found in bringing social justice to the masses. This is the remedy which in suppressing the cause also suppresses the effects. One must organize the popular formations and have sufficient force to maintain the equilibrium of the state.

Thus, to prevent a violent revolution, the redistribution of wealth was necessary and it could be accomplished in only one way:

> taking from those who have much in order to give to those who have too little. Undoubtedly this will arouse the reaction and resistance of those gentlemen who are their own worst enemies because for not wanting to give up 30 percent, they will lose it all in a few years or a few months, and on top of that, their necks as well.[1]

Peronist doctrine viewed the state as the chief instrument in promoting class harmony over class struggle. In one of his more famous statements on the subject, given in his May Day speech of 1944, Perón approvingly quoted this maxim as providing the guiding beacon to his efforts: "We seek to suppress class struggle,replacing it with just agreement between workers and employers, under the sheltering justice that emanates from the state."[2] The state was to act as equilibrator and arbiter in reconciling the interests of capital and labor which, without its intervention, would lead to conflict. Instead of basing itself on the conflicting interests of capital and labor like those promoting class struggle, the Peronist state sought to undercut these efforts by the purveyors of "foreign ideologies" by building on the common ground shared by workers, employers, and the state, including their nationalism.[3] Thus their harmonious interaction would be

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[1] Peyrou and Villanueva, pp. 206-8. [2] Ibid., p. 252.

[3] These themes appear repeatedly throughout Perón's statements. For example, those of May 1 and August 12, 1944 and March 23, 1949 cited in Ibid., pp. 252-3, 254-5, and 258 respectively.

heightened through the campaign to free Argentina from the domination of foreign interests and their allies.

As the last chapter noted, in a conjunctural situation where the local entrepreneurial class is very weak and industrial capitalism a largely foreign phenomenon, it does not appear contradictory to maintain that the evils of capitalism will disappear through economic development guided by the state and managed by the national bourgeoisie. Being a continuation of the populist-nationalist critique that gained momentum in the "infamous decade," Peronism traced the primary cause of Argentina's problem to the Anglo-oligarchic connection. This struck a responsive chord among groups whose interests had been held in check by the oligarchic policies of the prior decade, including the workers as well as significant sectors of the national bourgeoisie. The resentment against restrictions growing out of the pro-British economic policies of the 1930's oligarchic regime and the fear of potentially disastrous consequences from competing with the major foreign suppliers of manufactured goods (the U.K. and the U.S.), also account for the tolerance of Peronism's pro-Axis sympathies on the part of a large number of industrialists.

Because the Socialist and Communist parties levelled most of their criticism against the regime's foreign policy, Perón's pro-Axis sympathies also helped him to win workers away from them. Pro-Allied activists had a definite upper class coloration reminiscent of the groups in power before Perón. Take for example an account quoted by Eldon Kenworthy of the March of the Constitution and Liberty held in Buenos Aires on September 19, 1945. The account is by Juan José Real who represented the Argentine Communist Party on the Junta de Coordina-

cion Democratica, the coalition of forces opposing Peron.

> In the "March," I soon saw myself surrounded by figures that brought back memories of September 6, 1930, of the infamous decade, of the fraud. Present were the most extreme representatives of conservatism, of the foreign banks, of the Sociedad Rural. I didn't see my class, the workers, except for a scant number of communist militants. Barrio Norte (the upper class section of Buenos Aires) applauded us from the balconies, while in the service entrances maids stared at us with rancor, with hate. Put off by the sight, I said to a comrade, "Those applaud us because they are afraid Peron will take their lands." I said it spontaneously without realizing the full thrust of my words.[1]

In using the state as an instrument to combat divisiveness and social turmoil and promote class harmony, Peron's aim was to achieve profound social change without class struggle. He sought to improve conditions for workers while also providing profits for capitalists--a program which, if realizable, was naturally congenial to all concerned. Indeed, in the conjuncture of 1) an internationally favorable situation for the Argentine economy during World War II and the immediate post-war years and 2) a situation internally in which the traditionally dominant groups were in disarray because of intensified contradictions resulting from their readjustments to the world crisis, the Peronist program was realizable. But this program was opposed by the oligarchy and even by the organized expressions of the industrial bourgeoisie who were in a sense, as Peron noted, acting against their own self-interest. Hence, the basic thesis that emerges from this analysis is that the Peronist state acted as a substitute for a weak and non-self-conscious national bourgeoisie implementing a program serving their interests on their behalf.

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[1] Eldon G. Kenworthy, "The Formation of the Peronist Coalition," Ph.D. dissertation, (Yale University, 1970), p. 210.

If Peronist policies basically amounted to implementing the interests of the national bourgeoisie on their behalf, what then about Peronism's claim to be fundamentally centered on the interests of the working class? As Perón put it, nothing is more important than that "work and the worker constitutes the means and the end for Justicialist humanism."[1] Not only did the regime dramatically improve the living conditions for workers, but labor was invested with a sense of dignity and pride that it had never enjoyed before or since. Not only did workers experience an uplifting of their material circumstances but they could also honestly feel that they were the cornerstone of "the new Argentina." Thus they could look around and see the creation of a whole new educational system catering to their needs and culminating in the opening up to their children of the previously inaccessible and hallowed preserve of the middle class, the National University. And the new system would turn out, in Perón's words, "engineers and technicians who would not, as before, speak a strange language, but would be the sons of our own people."[2] Perhaps the most dramatic illustration of Perón's intention to elevate the prestige of workers was, as he put it, the fact that "the President of the Nation himself has accepted with honor the title of 'First Worker.'" And if he chose to call himself a worker, others would feel themselves privileged to do likewise.

> A doctor would consider it an honor to call himself a scientific worker, as would schoolteachers or writers to call themselves cultural workers, and there are thousands of children throughout the country today who dream of becoming qualified workers, technicians, teachers, tractor drivers, etc.

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[1] Perón, Filosofía peronista, p. 236. [2] Ibid.

> And it will no longer be true, as it was in the oligarchic epoch, that everyone from the President of the Republic on down, would try to become anything but a worker.[1]

Instead of being an insult, the status of being a worker would become a mark of distinction. Additionally, the Argentine proletariat had its champion in Perón's wife, Evita, whose militantly pro-working class orientation was much more extreme and clear-cut. While Perón attempted to forge a multi-class alliance behind his regime, Evita's sole concern was to solidify the regime's base among the popular masses and the organized working class.

Doesn't all this contradict the thesis of the Peronist state as a functional instrumentality of the national bourgeoisie? In a fundamental sense, yes, but not in the immediate conjuncture within which the Peronist state came to power. In the first place, it must be remembered that the purpose for which Peronism undertook class mobilization was not to promote, but rather to undermine class struggle. Paradoxically, in order to initiate a program beneficial to the interests of the national bourgeoisie against the opposition of the traditionally dominant groups, Perón needed to mobilize the urban proletariat. As Secretary of Labor and Social Welfare, Perón promulgated his pro-working class reforms because he needed the workers as a base of support. On June 17, 1944 he made the following appeal:

> The Secretariat of Labor cannot function without your being well organized. What is more: the Secretariat of Labor will some day in the future need you to defend it since it will be you who will be left to your own resources and the injustices that have always prevailed, if you cannot preserve the existence of the Secretariat of Labor and Social Welfare with your own efforts.[2]

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[1] Filosofía peronista. [2] Peyrou and Villanueva, p. 262.

Perón was therefore caught in a contradiction which did not become immediately apparent because it was obscured by the conjuncture of favorable external and internal factors. Perón promoted the workers' interests because he needed their force to offset that of his enemies. Though his aim was a social balance which would enable the state to mediate between social forces in bringing about a just equilibrium, to achieve this he had to encourage the workers to organize, to be militant up to a certain extent, and to express their class unity. In other words, he needed a controlled degree of class struggle as political pressure behind policies that would give workers a material stake in the system in order to undermine the causes for class struggle.

It will be recalled that Perón encouraged workers to organize in order to erode the influence of the Left within the working class. Though the state obviously played the key part in organizing workers, Perón was not prompted by corporatism as much as by the fear of the Left and the susceptibility of unorganized workers to spontaneous violence. As Perón saw it:

> We are not state syndicalists, or corporatists, or any of these strange things: we are only men who want united and well-led unions, because unorganized masses are always the most dangerous for the state as well as for themselves. An unorganized working class mass, such as some people want, is an easy prey for exotic political and ideological conceptions. Those who unite for bread and butter issues must be supported and defended by the state, but those unions that pursue political or ideological ends must be pushed outside of the law.[1]

To win the workers' trust and cement this newly found loyalty to the regime, Perón had to provide tangible material benefits for the members of unions that supported him, as well as improving conditions for the

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[1]Statement of November 17, 1944 in Peyrou and Villanueva, pp. 269-70.

working class in general. However, because of the bitter opposition from his adversaries, in order to provide these benefits, Perón had to promote a certain degree of class struggle. The equation of "class unity and militancy equals improved material conditions for workers" posed a contradiction to Perón's aim of class conciliation and harmony which could be and was obscured in the favorable conjuncture. But, as we shall see, it surfaced when circumstances arose that adversely affected the working class' standard of living. It was this contradiction, and Perón's hesitancy in confronting it, stemming from his populist-nationalist orientation, that was involved in the chain of events that ultimately resulted in his overthrow in 1955. On August 10 of 1944 he had said: "the decrees we have dictated from the Secretariat of Labor make every backward step impossible. You can be completely assured that in order to suppress what we have achieved for the working class, it will be necessary to fundamentally alter the institutional organization of the state."[1] How prophetic these words proved to be!

Though the working class constituted Peronism's most solid foundation and though Perón delivered unprecedented gains for the urban proletariat, it is nevertheless important to keep in mind that Perón viewed the working class from a populist-nationalist, and not a Marxist, perspective. Thus he did not view workers as the harbingers of the new society and the troops that would bring it about. Of course Perón did not shrink from using the working class as a political force, but only as a countervailing power and not as the social force that would sweep away all others. Moreover, whereas Marxists draw

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[1] Peyrou and Villanueva, p. 269.

sharp distinctions between working class and bourgeoisie in terms of their relationship to the means of production, Justicialism also proclaimed itself to be based on the workers but defined them in a way that obscured distinctions, particularly between industrial workers and smaller scale entrepreneurs. In the Justicialist lexicon a worker was anyone who performed "a useful social function." Useful social function was itself broadly defined to include just about any work, including that which Marxists would consider unproductive labor. For example, though they create no surplus value through their labor, merchants would be considered "workers" in the Peronist view.

Perón's conception of the working class and his relationship to it in practice reflect his own class position. Indeed, in that it was based on the proletarianized masses with its leadership being provided by upper and middle class sectors excluded from the former ruling coalition, Peronism illustrates the strengths and weaknesses in populist-nationalism. Its strengths came from the fact that it corresponded to the conjuncture of internal and external factors and thus provided a realistic and viable approach in that context. In addition, while it was based on the proletariat, it was also a multi-class phenomenon and therefore possessed the potential for a broadly based mobilization. Perón and Evita--the marriage between the middle and proletarian sectors--symbolized this aspect of populist-nationalism's strength.

Important consequences followed from this populist-nationalist orientation toward the workers. Walter Little provides a good summation of the points raised above:

> Although the popular support which the Peronist regime enjoyed was largely working class in character, its leaders showed little more than rhetorical enthusiasm for the pursuit of strictly working class interests. On the contrary, they repeatedly subordinated them to what they believed to be the interests of the nation as a whole. There is nothing very surprising about this. It is a reflection of the fact that they were drawn for the most part from among middle-class stratae, never became déclassé, and remained dependent throughout their exercise of power upon the tacit acquiescence of important business and military interests.[1]

This rejection of class struggle in Peronist doctrine and its corresponding emphasis on class cooperation was reflected in the regime's policies. The basic lack of a class analysis prevented Peronism from developing a revolutionary approach to the problems it confronted. Herein lay its major weakness. The populist-nationalist rejection of class struggle and the promotion of manufacture without altering relations of production, made Peronism an essentially bourgeois doctrine. Moreover, despite its strong nationalism and anti-imperialism, Peronism in power remained a reformist regime, an outgrowth of socio-economic currents and accumulated grievances that found fertile ground in the favorable circumstances prevailing during the forties.[2]

Summing up, Peronism's populist-nationalist doctrine sheds light on its impressive successes during the first half of its rule, and also on the post-1950 weaknesses leading to its overthrow. Peronism achieved an unprecedented mass mobilization based on the alliance of

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[1] Walter Little, "The Popular Origins of Peronism" in Argentina in the Twentieth Century (Pittsburgh: University of Pittsburgh Press, 1975) edited by David Rock, p. 162.

[2] David Tamarin points out that even "Perón's labor programs of 1943-5 accomplished the reformist platform that labor had drafted during the thirties." "The Argentine Labor Movement in an Age of Transition, 1930-45," Ph.D. dissertation (University of Washington, 1977), p. 316. My emphasis. In general, Tamarin's thesis about basic continuity concurs with that developed here.

classes and social groups in a crusade against the oligarchic minority and its British and other foreign partners In contradistinction to Marxism, Peronism rejected class struggle and preached class conciliation and cooperation under a common national interest. Even the oligarchy was not principally attacked by Perón for its class position and privilege, as much as for its dishonorable subservience to foreign interests. In its use of a doctrine which openly called for the alliance of the working class and the industrial bourgeoisie in the joint venture of national development under the guidance of the patriotic armed forces, Peronism's efforts were aided by the international economic trends prevalent at the time, which provided the material conditions that made this alliance feasible. However, this class alliance aspect also accounted in great part for the demise of Peronism as a viable socio-economic alternative for Argentina, once the external conditions were no longer so favorable.

In retrospect it is easy to see the validity of the Marxist position that a movement for national liberation devoid of class struggle loses its revolutionary potential. For the Marxist, economic independence is the first step toward a socialist economy, while for Perón it was the final step necessary to the achievement of national prestige and power, a necessary antidote to the humiliation of foreign exploitation.[1] In his study Julio Mafud concludes that Peronism contributed mightily to the Argentine tragedy by providing the masses with a social consciousness without giving them a doctrine for social change.

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[1]This point is made by Bertram Silverman in his "Labor and Left Fascism: A Case Study of Peronist Labor Policy," Ph.D. dissertation (Columbia University, 1967), p. 107.

Its great achievement was to integrate the masses into political life. Its great shortcoming was its failure to overhaul Argentina's social and economic structures when it seemed to possess the power to do so. "If Peronism comes back into power it must initiate structural changes." And he added prophetically, "if it does not, it will remain trapped in the bourgeois-capitalist framework"[1] and hence be rendered impotent to deal with the problems arising within capitalist structures.

To this point I have focused my concerns on the context that made Peronism a viable response and on its doctrine and orientation. In the process I raised the major themes of the analysis in a preliminary way. I now propose to trace these in more detail by examining the relationships with the groups the regime sought to benefit, the actual impact of its policies, and the attitudes of the major actors towards the regime.

Peronism and the Class Context: The Regime's Programmatic Intent and Its Impact

Distribution of Income

The coup mounted by the G.O.U.[2] in 1943 took place amidst a mounting crisis resulting from the conservative regime's inability to contain processes it had set in motion during "the infamous decade."

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[1] Julio Mafud, Sociología del peronismo (Buenos Aires: Editorial Americalee, 1972), p. 171.

[2] Grupo de Oficiales Unidos, a lodge of nationalistic Army officers with pro-Axis sympathies, of which Perón formed a part. The Axis sympathies resulted in part from the influence of German military thought and training within the Argentine Army. More important, in my view, was the anti-British component of Argentine nationalism which featured so prominently in the populist-nationalist polemics of the period.

On the one hand, conservative policies had promoted a certain degree of industrialization in an attempt to salvage externally oriented growth on a modified basis, but had also contained and subordinated this industrialization by allowing British imports to compete with Argentine goods as called for in the Roca-Runciman Pact. Peronist policies responded to the increased clamor for more national industry which resulted from this contradiction. On the other hand, more manufacturing in the thirties brought about an expanding labor force along with the regime's suppression and postponement of workers' demands. As the decade progressed, the number of strikes and strikers grew, with the year before the G.O. U. coup marking the high point of workers' combativity measured in number of strikes. Significantly, only ten percent of these strikes in 1942 were won.[1] It was here that Perón found the reservoir of disaffection that he molded into his power base.

The Peronist program did not however, emerge full blown in June of 1943; nor did the military team which seized power possess anything resembling a worked out and detailed platform. The immediate motivation for the officers involved was to prevent the succession of a pro-British Conservative candidate to the presidency. The G.O.U. voiced strong nationalist sentiments, were sympathetic to national industrialists and disliked the Anglo-oriented rural based ruling class. In an atmosphere of distrust and contempt of the Argentine masses toward the government, their first priority was to win a measure of trust for the new regime. Thus, among its first measures, the regime decreed a prohibition of rent increases until further notice and the prices for articles essen-

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[1] See Murmis and Portantiero, pp. 87-91.

tial to daily survival, including food, were fixed. Indeed, Perón's activities when he took over the Departamento Nacional de Trabajo in keeping the cost of living frozen and, when possible, even lowering it, were not only tolerated but, at first, were carried out with the full knowledge and approval of the other senior members of the junta.

Perón was able to expand his working class base of support so rapidly because his efforts went beyond rhetoric and, as Table 9 shows, achieved an almost immediate impact in improving material conditions for workers.

TABLE 9.--Employment and real wage rates for Buenos Aires (1929=100)

Year	Real Wages	Employment
1940	98	129.18
1941	98	135.01
1942	101	140.63
1943	107	147.02
1944	118	155.24
1945	118	155.08

SOURCE: Investigaciones sociales, 1943/54, pp. 61 and 258. From Murmis and Portantiero, p. 105.

When the Peronist propaganda machine said "Perón cumple!" (Perón delivers!), for the workers this was not an empty slogan. Their improved conditions were all the more dramatic contrasted to the thirties when the urban proletariat had been the sector bearing the heaviest burden in the accumulation of capital. During the 1943-55 years, on the other hand, wages and salaries' share in the distribution of the national income rose, as Table 10 clearly indicates.

TABLE 10.--Wages and salaries as a percent of national income

Year	Wages and Salaries	Other	Year	Wages and Salaries	Other
1943	44.1	55.9	1949	56.1	43.9
1944	44.8	55.2	1950	56.7	43.3
1945	45.9	54.1	1951	52.8	47.2
1946	45.2	54.8	1952	56.9	43.1
1947	46.6	53.4	1953	54.6	45.4
1948	50.2	49.8	1954	56.4	43.6

SOURCE: Presidencia de la Nación, Producto e ingreso de la República Argentina (Buenos Aires, 1955). Cited by Bertram Silverman, "Labor Ideology and Economic Development in the Peronist Epoch" in Studies in Comparative International Development 4, 11 (1968-9); p. 243. From Cafiero,

Table 11 shows that in considering the longer frame of 1935 to 1960, the distribution of income towards the workers reached a high point around the midway mark of the Peronist period.

TABLE 11.--Distribution of net internal income

Year	Wages*	Net Income of Employers, Owners, Professionals, Rentiers, etc.**
1935	46.1	53.9
1940	46.4	53.6
1945	46.7	52.2
1950	60.9	39.1
1955	57.9	42.1
1959	50.6	49.4

SOURCES: "Producto e ingreso de la República Argentine en el periodo 1935/54" and Boletín Estadístico del Banco Central. Cafiero, p. 128.

*Includes personal and managerial contributions to retirement funds.

**Includes estimated replacement costs for consumption of capital.

Clearly the Peronist period represents a departure in that labor's share in the distribution of income was significantly higher than that it commanded before 1943 and after 1955. The figures also show the highest increase in wage income occurring in the 1945-50 stretch, with the high point being reached in 1949-50.

The Capitalists

It is important to note that while industrial capitalists' share of income distribution decreased relative to that of workers, their absolute earnings did not fall. On the contrary, like wage earners, managerial personnel (assuming this category to be generally reflective of industrial capitalists) also experienced a rise in their incomes during the Peronist years, as can be seen in Table 12.

TABLE 12.--Index of managerial and rentier income during Peronist years (1943=100)

Year	Managerial	Rentier	Year	Managerial	Rentier
1944	118.9	107.8	1950	170.3	53.1
1946	126.5	100.6	1952	113.2	34.7
1948	170.2	64.6	1954	115.2	34.9

SOURCE: Panorama de la economía argentina (November 1957), p. 119 Adapted from Silverman, p. 244.

As far as workers and capitalists were concerned, the Peronist period represents a situation in which both sectors' slice of the pie increased because the pie as a whole got bigger, the pie being the expanding output of the industry. However, the slice of the pie going to the financial interests seems to have decreased, if the declining income for rentiers shown in Table 12 can be considered representative of this sector.

Responding to the new government's positive orientation to industry and, indeed, to the obviously improved business climate, the Unión Industrial Argentina's (UIA--the organization representing manufacturing interests) initial relationship with Perón was quite cordial and favorable. Not only did the UIA appreciate policies which increased industrial activity, its members specifically approved of the Colonel's anti-communism and his emphasis on solidifying harmonious relationships between capital and labor. On "Industry Day" of 1944 the UIA's president, Luis Colombo, proclaimed:

> We therefore understand the concerns of the Vice President of the Nation, Colonel Juan D. Perón, who as Secretary of Labor and Social Welfare attempts to resolve the problems of Argentine industry, just as he collaborated in the solution of the problem of apprenticeship of minors and is now doing with that of pensions and retirement funds, with the aim of ironing out difficulties without upsetting the public order and within the realm of the economically feasible; because it would be of little comfort to those who would benefit, if these benefits were built on a foundation of sand.[1]

It was on these two grounds--the concern for order in the labor process and redistributive measures confined within what is thought to be economically reasonable--that the relations between Perón and the UIA deteriorated. The fallout between the UIA and Perón dates to the end of 1944/beginning of 1945 and arose basically over the UIA's unhappiness with the regime which it perceived to be fomenting labor unrest and the breakdown of industrial discipline. The UIA's publication, Revista de la UIA of January 1945 (dated December 21) bemoaned "the breakdown of discipline that necessarily accompanies the ever more prevalent use of certain terminology that portrays the bosses in a

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[1] Cited by Dardo Cúneo, Comportamiento y crisis de la clase empresaria (Buenos Aires: Editorial Pleamar, 1967), p. 170. My translation.

position of power and every agreement, not a just accord, but a 'conquest,' which if necessary, the workers would defend by force. What is involved is the use of words and concepts poorly assimilated, similar to those used by the old socialist organizers during the first phase of trade unionism."[1]

As 1945 progressed, increasing uneasiness and opposition was manifested by the industrial bourgeoisie over the redistributive measures coming out of the Labor Secretariat. The April 1945 issue of the Revista de la UIA, referring to paid holidays, contributions to pension funds and more vacation time, found that these "indirect redistributive measures are the most troublesome because they cannot be modified as easily as wages, even though circumstances may make it imperative to do so."[2] There was also opposition to minimum wages and equal pay for men and women. On the latter issue, the March 1945 issue of the Revista de la UIA saw "a theoretical principle involved which, under the guise of improving women's economic conditions, actually achieves the opposite by making the employment of women more difficult compared to that of men."[3]

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[1] Cúneo, p. 175. As reflected in this section, Cúneo provides a very useful compendium of citations from the organs of the major interest groups, as well as organizing these into a cohesive and comprehensive analytical framework.

For another good source covering the conflict between Perón and the employers over his redistributive measures, particularly on the employers' fear of the danger of labor insubordination and lack of discipline as well as their opposition to workers' participation in the profits of firms, see Argentine Republic, Crónica mensual de la Secretaria de Trabajo y Previsión, año 2, no. 15-6 (July-August 1945), especially pp. 47-50. In general, the Crónica is a useful source for tracing how Perón wooed the workers and how the Perón-employer relationship developed over time.

[2] Cúneo, p. 176. [3] Ibid., p. 177.

In spite of the fact that they too benefited, bourgeois sectors resented Perón's redistributive policies because, regardless of the actual magnitude, they felt threatened by the comparative ascent of proletarian sectors. Traditional distinctions in standards of living were being eroded and the regime seemed to encourage "the working classes" to have pride; the latter, for their part, were getting "uppity" and haughty, actually demanding to be treated with dignity and respect. For these reasons, although it had initially declined to do so, the UIA joined the opposition to Perón spearheaded by the financial interests represented by the Bolsa de Comercio de Buenos Aires (Chamber of Commerce)--a group even more pro-British than the UIA, and much more oriented to the interests that had thrived under the externally oriented growth pattern.[1] The coalition centered around the Bolsa first came together to resist Perón's compulsory holiday bonus decreed in December of 1945. Later it became an important component in the block of forces behind the Unión Democrática--the coalition of all parties, including the Conservatives, Radicales, Socialists and Communists, facing Perón in the 1946 elections.

October 17 and the February Elections:

Clash between the Classes

Perón's redistributive measures during 1944 and going into 1945 thus aroused resentments among bourgeois sectors. Indeed, he was per-

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[1] Commenting favorably on the proceedings leading to the Roca-Runciman Pact, the Memoria de la Bolsa de Comercio de Buenos Aires of 1933 assigned to British capital the role of being "the greatest accelerator of our progress, and hence arriving at an agreement reaffirming the mutual interests of both countries is considered imperative to safeguard the bases of Anglo-Argentine trade." Found in Cúneo, p. 233.

ceived as having gone too far even by his junta colleagues. Of particular concern to them was Perón's effectiveness in building a working class base which could potentially enable him to exercise power independently of the force of arms and thus free him of having to rely on the army's consent. For these reasons he was forced to resign his various positions and placed under arrest in 1945. But not for long.

News of Perón's arrest naturally caused apprehension among union members that the unprecedented gains and recognition they had received from Perón would now be reversed. Their national organization, the Confederación General del Trabajo (CGT), decided to call for a general strike on October 18 to drive home their demand for a government sympathetic and responsive to labor. However, some union leaders, like Cipriano Reyes, who had been direct beneficiaries of Perón's interventions as Secretary of Labor and who were closer to the rank and file, were instrumental in mobilizing them. By noon on the 17th of October, thousands upon thousands of them had taken to the streets converging on the Plaza de Mayo in front of the Presidential Palace, demanding Perón's release in the largest mass demonstration Argentina had ever seen.[1] The spontaneity and magnitude of the demonstration caught the army off guard. The sea of humanity concentrated before the Casa Rosada kept growing ever larger and more ominous. They had been chanting incessantly for Perón for more than half a day and they

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[1] One of the best accounts, conveying the electricity of the events, is that of Felix Luna in El 45 (Buenos Aires: Editorial Sudamericana, 1973), pp. 272-99. See also Hugo Gambini, El 17 de octubre (Buenos Aires: Centro Editor, 1971).

showed no signs of leaving before being reassured by Perón's physical presence and words that their beloved leader was safe and sound, and back in power. The junta gave in. They really had very little choice: the alternative was a bloodbath of vast proportions. Perón was not worth that. He might be dangerous and he might be flirting with forces that could get out of control, but he was still one of theirs.

October 17 proved to be the turning point for Perón's fortunes. A hastily thrown together Partido Laborista (Labor Party), organized by some of the same trade unionists active in the mobilization of the 17th of October, was able to parlay the massive support shown for Perón into a decisive electoral victory in February of 1946. What made this triumph all the more remarkable was that contrary to the image of Perón the totalitarian, controlling all the media and bludgeoning his opposition with a massive propaganda campaign, in fact he had to face a well organized and powerfully financed array of forces. Felix Luna for example, points out that the space dedicated by the two major so called independent dailies, La Nación and La Prensa, to coverage of the activities of the Unión Democrática contrasted with those of the Peronist front, was in the order of 90 percent to 10 percent. The latter tended to concentrate on scandals within Peronist ranks and on desertions. Perón's name seemed to be scrupulously avoided and he was referred to as "the retired military personage active in politics" or "the candidate of forces recently created."[1]

An interesting aspect of the electoral campaign was Perón's skill in turning to his advantage the clumsy efforts orchestrated by Spruille Braden--the ex-U.S. Ambassador very active and closely identi-

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[1]Felix Luna, p. 439.

fied with the coalition opposing Perón--to smear Perón as a Nazi. Perón relied on the nationalist and anti-imperialist sentiments of the Argentine masses. In his last speeches he no longer bothered to refer to Tamborini and the Unión Democrática. Instead he hinted that sinister plans were afoot between Braden and the oligarchy which would turn back the clock to undo Argentina's independence from foreign influences and roll back gains for the workers. He ended with the slogan that spread like wildfire: "It's Braden or Perón."

The results of the 1946 elections, one of the most free and open in the country's history, gave Perón a solid 54 percent majority thereby decisively establishing both the strength and depth of the regime's social support, and the legitimacy for its rule. In the smaller towns a coalition of small property owners and lower income groups rallied to Perón and in the big cities the solidity of the industrial working class' support gave him the votes needed to carry the large urban concentrations.[1] The bourgeois sectors which had been

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[1]See Peter Smith, "The Social Base of Peronism," in the Hispanic American Historical Review 52 (Feb. 1972): 56-68. This article also provides a strong empirical case for rejecting the notion held for so many years that Perón derived his major support from a "new working class" of recent immigrants from the countryside not integrated into the traditional left groupings of the "old working class." Smith shows that Perón's most solid and loyal support came from industrial workers concentrated in large unionized factories. E. Spencer Wellhofer, "Peronism in Argentina: the Social Base of the First Regime, 1946-55," Journal of Developing Areas 11 (1977): 335-56, generally confirms Peter Smith's findings. See also Walter Little, "Electoral Aspects of Peronism, 1946-54," Journal of International Studies and World Affairs 15 (1973): 267-84.

Apparently Peronism retained its ability, unique among popular political movements, of obtaining massive electoral support from both industrial working class areas as well as the poorest rural regions. See Manuel Mora y Araujo and Peter H. Smith, "Peronism and Economic Development: the 1973 Election" in Frederick C. Turner and José Enrique Miguens (eds.), Juan Perón and the Reshaping of Argentina (Pittsburgh: University of Pittsburgh, 1983), p. 174. In analyzing electoral results by departamentos (the equivalent of counties), Mora y Araujo and Smith found a strong relationship between higher Peronist vote and less developed, economically and socially backward, poor, and less urban areas.

at the heart of the coalition opposing Perón in the elections, accepted the decisiveness of the election results and did not overtly attack the regime until the fifties. The Bolsa de Comercio for example, whose President not many months before had characterized Perón's regime as totalitarian and issued a call to join in the battle of "democracy against totalitarianism, of the respect for the dignity and rights of human beings and against the absorption of the individual and his goods by the state,"[1] now endorsed and urged support for the government's First Five Year Plan (FFYP). The Bolsa de Comercio de Buenos Aires' Memoria for 1946, in defining the FFYP as a series of measures aimed at "bettering the worker's standard of living and at the same time dignifying him with the undeniably worthy pursuit of his social welfare," went so far as to call on the ruling classes'[2] patriotic duty to facilitate the execution of the plan in every way compatible with the respect and defense of their legitimate interests, since great benefits are to be hoped for from this coordinating and harmonizing action."[3]

The Workers

A somewhat complex picture emerges of Perón's views on the proper role to be played by the major actors in Argentina's class structure and of his actual relationships to them. At first his concern was probably the pragmatic one of achieving some stability for the

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[1] Quoted in the Revista de la UIA of January 1946, cited by Cúneo, p. 225.

[2] The text speaks of "clases dirigentes" and "fuerzas vivas." The former has no direct English equivalent and the latter can be translated as "dynamic" or "vital forces." Both connote the groups in control.

[3] Ibid.

new regime by providing it with civilian support. His position as Secretary of Labor and Social Welfare gave him the opportunity of gaining some working class friends. Very early this must have intertwined with his personal ambitions, and he used his advantageous position to build his own constituency. In terms of Perón's views on the proper nature of class relations, he probably believed what he espoused officially. He probably saw himself as implementing what Justicialist doctrine called for, deviating only to the extent that political exigencies required. Perón described his initial pro-labor measures as necessary to balance out past inequities. Social justice was need as an antidote to prior policies which always sided with business and deprived workers of the just rewards for their labor. These rectifying measures were not conceived as contradicting the Justicialist aim of forging a multi-class alliance around the common project of building up national industry for national needs. Each sector was to contribute that share for which it was best suited, and receive, in turn, the fruits to which it was justly entitled. Therefore, bourgeois opposition to Perón's redistributive measures before 1946, probably drove him to establish much closer links to the workers than he would have preferred under calmer circumstances.

Perón had effectively countered the opposition to his rule with the massive backing he obtained from the urban proletariat and he had, in fact, relied upon his working class base for his political survival. His remarkable success rested on his ability to deliver tangible material benefits from his post as the Secretary of Labor and Social Welfare. Now that he had neutralized his bourgeois opposition and was therefore in a better position to do so, it was time to consoli-

date his political ascent by improving the material conditions for workers even more. In this way he forged the link between his political future and the fortunes of the working class. Indeed, not only did the working class provide Perón's most solid bulwark and reliable ally, it was also the only sector that remained loyal to him throughout his long career. The workers never wavered in their personal allegiance to Perón--though there were times when their enthusiasm was not so intense--because they saw him as a friend who had concretely demonstrated his willingness to pursue their interests, and because they understood that whatever rhetoric might be employed--whether democracy versus dictatorship or freedom versus fascism--a basic motivation underlying the opposition was to reverse the working class' material gains achieved under Peronism. Reduced real wages and declining living standards after Perón's overthrow confirmed what Argentine workers had feared all along and reaffirmed their loyalty to the man who had stood by them when he was in power. Realistically, there was no political alternative to Peronism for the workers.

The persistence of Peronism within the Argentine working class must be traced to the 1945-50 period. It is important to keep in mind that the relationship between Perón and the workers was not merely one between charismatic leader and masses; the persistence of Peronism had a material foundation. Even the Wall Street Journal of February 23, 1945 ("Argentine Appraisal") characterized Argentine in glowing terms as the best fed country in the world. Clothing was abundant, housing adequate, transportation good, and prices low.

Looking at the trend in the distribution of income displayed on Table 11[1] it will be recalled that the working class' proportional share peaked in the 1945-50 period,[2] the percentage of wages in the distribution of net internal income being more or less constant from 1935 to 1945 (around 46 percent), then rising to 60.9 percent by 1950, and declining to 50 percent by 1959. Table 13 confirms this trend.

TABLE 13.--Real wage index (1943=100)

1939	100	1946	112	1953	135	1960	120
1940	97	1947	140	1954	153	1961	130
1941	97	1948	173	1955	140	1962	127
1942	97	1949	181	1956	164	1963	126
1943	100	1950	173	1957	134	1964	131
1944	111	1951	145	1958	148		
1945	106	1952	135	1959	119		

SOURCES: Gilbert W. Merckx, "Sectoral Clashes and Political Change: The Argentine Experience." Latin American Research Review 4 (Fall 1969): 97. He uses tables which subsequently appeared in Carlos Diaz Alejandro Essays on the Argentine Economy (New Haven: Yale University Press, 1979), p. 538, for 1939-50 and Clarence Zuvekas, Jr., "Economic Growth and Income Distribution in Post-war Argentina," Inter-American Economic Affairs 20. (Winter 1966), p. 28 for 1950-64. Taken from Kenneth P. Erickson, "Populism and Political Control of the Working Class in Brazil," Proceedings of the Pacific Coast Council on Latin American Studies 4 (1975): 122.

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[1] On page 186 above. Since the source's concern is to justify Peronist policies, these figures are undoubtedly on the high side. However, though the magnitudes involved can be disputed, most authorities agree that the trend these figures show is accurate.

[2] Table 10 on page 186 had shown that the highest single jump of wages and salaries as a percentage of national income occurred from 1948 to 1949, from 50.2 percent to 56.1 percent.

The trend that emerges so sharply from the figures in Table 13 verifies an important aspect of this analysis of Peronism. The real wage index in Table 13 represents the most accurate indicator available of working class living standards. We can thus be relatively certain that the working class saw its material conditions rise steeply from 1945 to 1950. After 1950, these conditions levelled off somewhat but were still considerably higher than before Perón came to power.

Table 13 establishes another key hypothesis in this interpretation of Peronism. The data shows that after 1955, with the exception of 1956 and 1958, the working class suffered a severe setback in its living standards. This confirms the point to be made in Chapter 6 covering the stage of dependent capitalist industrialization that took place in the decade after Perón's ouster: that the workers as a class paid a heavy price in the consolidation of the new pattern.[1]

Indeed, the regimes of the sixties, and especially that of General Onganía as will be seen in Chapter 6, enacted an exact reversal of Peronist incomes policy. Whereas Perón used governmental policy to raise the working class' living standards, in the sixties the effort was to combat inflation by containing wages. Whether intentionally or not, Perón's lasting contribution was the elevation of the labor movement to the center stage of national politics. As we saw, Perón encouraged workers to politicize income distribution, to refuse to abide

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[1] Erickson, the source for Table 13, also provides real wage indexes for Brazil and Mexico. These show substantially the same relationship to workers' living standards during the populist periods in those countries--Vargas and Goulart regimes in Brazil and Cárdenas' in Mexico--and the reversal of this relationship for the period of capitalist consolidation which followed. The same trend as in the Argentina case holds: improved conditions during the populist period and a severe deterioration thereafter.

by market forces. Few items on the political agenda plagued Perón's successors after 1955--or indeed Perón himself in 1973-74, as we shall see--as much as the question of equitable wages and salaries.[1]

Another reason for the persistence of Peronism within the working class which also goes back to the 1945-50 period, lies in the history of the relationships between the national federation of labor--the Confederación General del Trabajo (CGT)--and Perón: the tremendous impact he had on its growth and its elevation into a major factor in national politics. It will be recalled that labor had been severely burdened by the process of capital accumulation of the thirties. Miguel Murmis and Juan Carlos Portantiero in their study on the role of the workers' movement in the origins of Peronism, while not denying the existence of diverse sectors within the working class, note that the very severity of the impact of capital accumulation in the thirties on industrial workers was a factor leading to homogeneity, unifying rather than exacerbating such differences as those between the more recent internal immigrants and the older proletariat of European origins.[2] Murmis and Portantiero's chief point is that the containment and postponement of labor's demands in the thirties--a period when industrial output and employment were on the rise while labor's share of the national income declined--provided Perón with ready-made material that he could parlay into winning support for the fledgling regime by addressing some of the backlog of grievances. Labor leaders for their part, were more than eager to make up for lost time.

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[1]Gary W. Wynia makes this point. See his "Workers and Wages: Argentine Labor and the Incomes Policy Problem" in Turner and Miguens, p. 33.

[2]Murmis and Portantiero, p. 76.

Declining strike activity in relation to lowering number of strikes won provides a good indication of the unfavorable climate the unions were forced to operate in as the thirties progressed to the coup of 1943. According to official tabulations 34 percent of those out on strike in 1935 won a victory, while this was true for 27 percent in 1940, and for only 10 percent two years later. Not surprisingly, attendance at union meetings fell by some 27 percent between 1939 and 1942.[1] These conditions had a negative impact on unionization itself. According to Eldon Kenworthy,

> Between 1936 and 1941, the industrial work force grew at an average annual rate of 6 percent, while union membership climbed at a rate of 4 percent. Between 1941 and 1945, a lag is still apparent. Industrial workers increase some 8 percent per year, while the figure for unionization is 5 percent. In fact, knowledge of what transpired in these years makes it almost certain that the increase in union membership registered for 1941-45 was confined to the years 1944-45, when Perón actively encouraged the process. Attendance at union meetings, for instance, which declines steadily throughout the late thirties, reaches its nadir in 1943, from which it suddenly jumps.

Kenworth concludes that "in relative--perhaps even in absolute--terms, unionization lost ground until Perón captured the process in late 1943 and this in a period of full employment and stagnant wages!"[2]

Using official sources, Kenworthy presents figures that show the dramatic reversal effected by Perón in the short span from 1943 to 1945 when he was most directly concerned with labor policies, as shown in Tables 14 and 15 on the next page. With Perón's personal blessings and support, the CGT experienced an astronomical growth rate during the first half of the Peronist decade. Its

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[1]Cited by Eldon G. Kenworthy in his "The Formation of the Peronist Coalition," Ph.D. dissertation (Yale University, 1970), 150.

[2]Ibid., pp. 149-50.

numbers jumped from 528,523 unionized workers in 1945, to a million and a half by 1947, thereby almost tripling its membership; and then again doubling it to some three million unionized workers by 1951.[1]

TABLE 14.-- Yearly indicators of union activity, 1942-45

Change in	Number of Workers Striking	Attendance at Union Meetings
1943 over 1942	down 83%	down 58%
1944 over 1943	up 35%	up 85%
1945 over 1944	up 384%	up 87%

SOURCES: Argentine Government, Ministerio de Trabajo y Seguridad Social, Dirección General de Estudios e Investigaciones, Conflictos del trabajo. Buenos Aires: 1961 and 1965; Argentine Government, Dirección de Estadísticas Sociales. Investigaciones sociales 1943-45. Buenos Aires, 1946. From Kenworthy, p. 162.

Table 15 displays the impact on labor struggles of Peronist intervention.

TABLE 15.--Official tabulations of who wins strikes

Percentage of strikers involved in outcome classified as:

	Victory for Strikers	Compromise	Victory for Management	Pending
1942	10.3	82.8	6.1	.9
1945	95	.2	4.8	0

SOURCES: Argentine Government, Ministerio del Interior, Departamento Nacional del Trabajo, Division de Estadística. Estadística de las huelgas. Buenos Aires, 1940, 1947; Argentine Government, Ministerio del Interior, Departamento Nacional del Trabajo, División de Estadística. Investigaciones sociales, 1940, and 1943-45. Buenos Aires, 1941, 1946. From Kenworthy, p. 162.

The CGT became Perón's most solid and reliable institutional base of support and the only one that remained loyal to him throughout. However, though at times it came close, the CGT never became a mere

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[1]Figures cited by Murmis and Portantiero, p. 79, from official sources.

appendage to Perón. In a detailed study of strikes during the first Peronist period, Louise Doyon demonstrates that the greatest incidence occured during the 1946-49 years which suggests that the workers sought to extend their victory at the polls to the workplace.[1] Moreover, the most strike prone were those workers who had benefited the most from Secretariat of Labor interventions in earlier years, thus dispelling the notion of their being mere rubber stamps of the state apparatus. Hence the Doyon data suggest that even those parallel unions Perón succeed creating in 1943 and 1944 to counter those led by Communists and Socialists who refused to cooperate with him, were not docile extensions of his regime. It is well known that Perón had been most adept at interceding on key issues and providing the benefits that enabled the new leadership to successfully compete for the right to represent workers in the given branch. Such leaders as Cipriano Reyes of the packinghouse workers, Angel Perelman of the metal workers, and Mariano Tedesco of the textile workers played a crucial part in the mobilizations of 1945 and 1946 that brought Perón firmly into power. Yet it is also clear that Perón did not control their actions. All available evidence indicates that the initiative for the mass mobilization of October 17 came from below and was not orchestrated by Perón's immediate coterie.[2]

The workers gravitated to Perón not because they were easily manipulable or particularly susceptible to demagogic appeals, but

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[1]Doyon argues that the relative decline of strikes after 1948 was due to the greater capacity of the Labor Secretariat to mediate effectively. It was not as equipped to do so in the earlier period. Louise M. Doyon, "Conflictos obreros durante el régimen peronista (1946-55)," Desarrollo económico 17 (1977): 460-1.

[2]See pp. 48-9 above.

because they saw that Perón best represented their interests. Kenworthy quotes Tedesco as representative of the motivations of this group of "young people not fighting for any ideology."

> In 1945 people were tired. For years and years in their hunger they had been deceived by songs of liberty, but liberty begins with economic liberation. I never wasted time with (Marx's theory of) surplus value with which the Socialists and Communists entertained themselves so much. I clearly saw that Perón was fixing things and that everybody had more liberty because there was more money in their pockets.[1]

Not only were they attracted by Perón's willingness and ability to provide material benefits, they were also reacting to opportunism on the left: particularly of the Communists who seemed less concerned with defending their interests than in gaining the workers' compliance with the Party's international line. A. Lawrence Stickwell illustrates this point with a discussion of the history of the Communist-led Federación de Obreros de Industria de Construcción (F.O.I.C.) from 1943 to 1946. Led by the immensely popular Jose Peter, the F.O.I.C. represented the pivotal working class sector comprised of packinghouse workers. This was the sector that with Perón's help was successfully wooed by Cipriano Reyes' rival union. In accounting for this case where the workers had been so strongly devoted to their leadership but nevertheless tolerated the emergence of a rival leadership, Stickwell stresses the erosion of the Party's reserves of influence resulting from its international line. Peter had asked the workers to suspend their job action--he had been rearrested and the workers were striking to attempt to secure his release--in the interests of supporting the allied war effort. Moreover, he was asking them to subordinate

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[1] From an interview in Primera Plana, Aug. 31, 1965, p. 44. Cited by Kenworthy, p. 160.

grievances against their bosses who happened to be Allied owners of the packinghouses.

> The Communist Party from 1943 to 1946 thus found itself in the contradictory position of defending foreign industrial interests while claiming to be the true representatives of the Argentine workers. In early 1943 Peter had called for better relations between packinghouse workers and management. As reported in La Hora, Peter pointed out "the necessity to better relations between the workers and management of the frigoríficos in order to avoid the handiwork of Nazis and saboteurs." To solve the problems of Argentina, Peter asserted the need to create the "broadest national unity of all political and social sectors." . . . While Perón actively sought to meet, at least symbolically, the demands of Argentine workers, the Argentine Communists became linked with a broad spectrum of political parties which wished to reestablish electoral democracy and put Argentina in the Allied camp. Included in these parties were representatives of the oligarchy and foreign interests.[1]

The history of the packinghouse workers during this period illustrates how aptly Perón used state power, on top of the Communist Party's self-imposed limitations and equivocations, to undermine the party's base among the working class. In April of 1945, just six months before the massive spontaneous demonstration that brought Perón firmly back into power, the Cipriano Reyes group called a general strike over some dismissals. The government intervened and ordered the plants to take back all workers with the promise that it would pay the salaries of up to 12,6000 workers for three months if it proved economically unfeasible for the companies to do so. Pay the government did, to the tune of 10 million pesos, probably using foreign exchange reserves the Argentine state had accumulated during World War II.[2]

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[1] A. Lawrence Stickwell, "Peronist Politics in Labor, 1943" in New Perspectives on Modern Argentina edited by Alberto Ciria (Bloomington: Indiana University, Latin American Studies Program, 1972), p. 42.

[2] See the account in Peter H. Smith's Politics and Beef in Argentina: Patterns of Conflict and Change (N.Y.: Columbia University Press, 1969), p. 238.

Perón succeeded not only in undermining the influence of Communist and Socialist leaders in specific unions, he was also able to capture or replace the top leadership of the CGT. In early 1947 Perón appointed Aurelio Hernandez, a man with no strong opinions or independent base, to replace Luis F. Gay who had been elected Secretary General of the CGT in November of 1946. Not long after he too was replaced by the even more docile José Espejo, who had been the janitor in the building in which Eva Duarte and Juan Perón had resided in 1944-45. This process culminated in 1950 when an extraordinary Congress of the CGT was convened and the organization's statutes were modified to adhere officially to Justicialism as its doctrine and to Perón as Chief of the Movement.

Though there is no question that Perón controlled the top levels of the CGT's hierarchy, it would be a mistake to conclude that the CGT was thereby transformed into a mere extension of Perón, an appendage of the Peronist state, or as Alberto Ciria puts it, into an agency for "state trade-unionism" ("sindicalismo de Estado").[1] Perón controlled the top but he did not thereby destroy the autonomy and independent initiative exercised by the CGT's rank and file. Indeed, as was pointed out,[2] Peronist doctrine approved of independent initiative from below. The independence of the working class and the fact that Peronism never extinguished initiative from the CGT's broad base, distinguishes the Argentine from the Brazilian case of populism.

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[1] Alberto Ciria, "Peronism and Political Structures, 1945-55" in Ciria, p. 11.

[2] See pp. 162-6 above.

Certainly to fail to recognize the long history of autonomy and independent initiative on the part of Argentine workers would lead to an inability to understand and place in their proper context many of the most crucial events in the last thirty-five years of Argentine history. Juan Carlos Torre for example, notes a strong parallel between the Peronist period of the forties and that of the seventies in regard to working class militance. The highest level of labor conflict--defined by the greatest number of strikes and work stoppages--during the populist decade took place between 1946 and 1949, right after Perón was confirmed and legitimized at the polls. The same pattern occurred in the seventies after Perón's election. Torre concludes that the workers sought to duplicate their political victory in the electoral arena with an economic victory at the workplace.[1] One thing is certain: if Perón controlled the unions, that did not mean a docile working class. Whether on their own initiative or encouraged by the regime, the workers did not pursue their interests with passivity.

The Partido Peronista provides another example of the Peronist practice of combining control at the top levels with relative freedom and democracy at the lower levels. Its predecessor, the Partido Laborista which had been hastily thrown together just four months before the February 1946 elections, nevertheless achieved an impressive victory only to be dissolved and replaced by the Partido Peronista shortly after the elections. Perón disbanded the Partido Laborista because inspite of offering Cipriano Reyes official posts and honors in exchange for dissolving the party and urging its union affiliates to give their first

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[1] Juan Carlos Torre, "The Meaning of Current Workers' Struggles," Latin American Perspectives 1 (Fall 1974), p. 74.

allegiance to Perón, the top leadership refused and insisted on maintaining the party's independence as the legitimate arm of the working class' aspirations.[1] Even though the Partido Peronista was set up to counter this autonomous trend in the working class' top leadership, it nevertheless encouraged a good deal of freedom of initiative from its own base. Though it was a hierarchical organization with Perón at its summit, its two basic units--the unidades básicas gremiales made up of trade unionists in the same occupational category and the unidades básicas ordinarias--elected their leaders by direct vote of the membership.

Workers, Capitalists, and the State

In his efforts to undercut the influence of the revolutionary left within the working class, Perón understood quite correctly that he had to eliminate the potential for revolutionary upheavals by using the state as an instrument to give excluded sectors a material stake, integrate them into the system, and thus achieve a greater social balance. Perón's stiffest opposition came from upper sectors who perceived his pro-labor policies to be directly opposed to their interests. As we have seen, Perón countered this opposition by basing his regime on an even closer identification with the lower sectors. Hence, even if Perón had wanted to control the working class by exercising a rigid hold from top to bottom of the trade union structure, he could not because he depended on impetus and initiative from below to make himself a credible intermediary. He needed the thrust from below to show the traditionally leading groups that he could defuse the threat from the masses.

[1] For an account see Walter Beveraggi Allende (the Partido Laborista's Vice President), El fracaso de Perón y el problema argentino (Buenos Aires: Talleres Gráficos L. J. Rosso, 1956), p. 53.

In fact, a certain degree of independent initiative from the rank and file accorded well with Perón's conception of his role and that of the state as an arbiter above, and independent of, classes and social forces, assuring a just and equitable distribution of the society's wealth, and thus achieving a harmonious balance. To counter the opposition from oligarchic and bourgeois groups while not at the same time becoming the expression of an exclusively proletarian project, Perón relied on mobilization but only to a point. He needed mobilization but he had also to keep it within limits so that it would not spill over and upset the social relations associated with an economic system based on the private property framework. To maintain himself independent of his working class base, Perón had to adopt difficult and sometime contradictory tactics. He sought on the one hand to prevent open conflict between antagonistic social forces, but on the other hand he also benefited from promoting tension between them.

Some analysts have seen Perón's concern for an equitable distribution of wealth as subsidiary to, and motivated by, his desire for an autonomous state independent of any social attachments. Waldmann for example, notes that Perón paid as much attention to the problem of an equitable distribution of wealth as he did, because this allowed him to anticipate and sidetrack the demand of the masses for more intensive participation in the political decision-making process. He thus substituted their potential pressure for more political power with a greater share in the distribution of wealth.[1] There is no doubt that Perón strongly believed that the state should not be tied to any particular

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[1]Waldmann, p. 118.

class or sector. In my view Perón believed that achieving a just distribution of wealth was a proper goal for the state, not simply because he was motivated by an opportunistic quest for power, but also and more importantly, because he felt that the state's all-consuming mission was to bring about national greatness. It could do so only by preventing social discord and by promoting the cooperation of all legitimate national groups, including capital and labor, in a common crusade for national reconstruction. For this reason, because it had to be able to lead all sectors and not as an end in itself, the state had to be kept free from being tied to any one particular sector of the social complex.

The different functions performed by Perón and Evita and their corresponding leadership styles, conveniently allowed Perón to pursue his contradictory relationship to the masses.[1] Evita championed the cause of the humble and the working class; she was their undisguised partisan.[2] This allowed Perón to be the statesman, the leader of the

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[1] Among others, Waldmann makes this point, p. 141.

[2] In this regard mention should be made of the enormous efforts undertaken by the Fundación de Ayuda Social which bore Evita's personal stamp. It was responsible for thousands of clinics, old age homes, orphanages schools, homes, all of the best quality. Evita did not believe in charity, which she felt was a way for the aristocracy to humiliate the poor. In her view she was providing services which all Argentines were rightfully entitled to as full-fledged participants in their society. She felt that the poor had as much of a right as the rich to enjoy, for example, the best medical care and facilities that money could buy. Drab hospital rooms and second-rate equipment were a way to humiliate the recipients who had no choice but to rely on public facilities. See Marysa Navarro, Evita (Buenos Aires: Corregidor, 1981).

nation above narrow group interests, and thus able to arbitrate the conflicts arising between them. It was Evita's passionate partisanship which allowed Perón to perform his role while still maintaining the loyalty of the descamisados. Evita's final speech on May Day of 1951 provides a good example both of her style and the function she performed for Perón.

> My dear descamisados. . . be on your guard. The enemy are preparing an ambush for us. Stand by Perón, who stands by you, and then we can never be defeated, for we are the real Argentina. . . . We will never again let ourselves be kicked around by the traitorous and corrupt oligarchy and their foreign masters. Woe to them the day they lift a hand against Perón. For that day . . . I will go out into the streets with the workingmen, with the women of the people, with the descamisados, and we will not leave one stone upon another that is not Peronista.[1]

Once the policy shifts of the fifties began to dry up the popular enthusiasm for his regime, Perón tried to shore up the eroding support of the workers through rhetoric, reverting to Evita's oratorical style. Quoting her directly, he said on May 13, 1953: "The class struggle will end only when one class disappears." The Peronist movement, he insisted, would "destroy the oligarchy because in Argentina there could only be the class that worked." The fact that Perón was forced to interchange his more characteristic conciliatory role for Evita's firebrand militance after her death in 1952, made it even more difficult for him to confront the growing problems he had to face in the second half of his populist decade.

An occasional lapse into class struggle rhetoric notwithstanding, Perón sought very hard to avoid being tied to a specific class or sec-

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[1] As quoted by Samuel L. Baily in Labor, Nationalism and Politics in Argentina (New Brunswick, New Jersey: Rutgers University, 1967), p. 147.

tors within classes. This does not however, mean that his regime lacked a social base or that the state did not in fact implement a social project benefiting definite interests. The Peronist state pursued a program of internally oriented industrialization that rested on the interests of the urban proletariat, the medium and small managerial groups in industry and commerce, and, to a lesser extent, those of the rural middle class and proletariat. Thus the common denominator for all these classes, which underlay the possibility for their political convergence, was given by the centering of their interests on internal development.[1] In that it attacked the imperialist control and monopoly of export commerce and finances, and checked foreign interests at the level of imports as well as direct investments, the Peronist program met their needs. Protection from foreign competition was essential to permit the survival and expansion of new branches of medium and small industry that had sprung up at an accelerated pace in the prior period.

However, though the Peronist project certainly benefited their interests and though Perón sought to center the social base for the regime on a coalition of labor and national capitalists, industrialists never played the part in the movement or enjoyed the proximity to the state apparatus that labor did. As we saw, this was largely a result of their opposition to Perón prior to the 1946 election. This opposition--centered on the Sociedad Rural Argentina, the Bolsa de Comercio, and the Unión Industrial Argentina--led Perón to rely, probably more heavily than he would have liked on working class mobilization. This in turn produced an almost revolutionary transformation of the Argentine

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[1]These points are extrapolated from Jorge, pp. 11-2.

political system: 56% of the 1946 congressional seats were held by members of the working class.[1] Nine-tenths of the seats in the lower house were held by people new to politics--only fourteen had served previously (12 Radicals and 2 Peronists)--and seventy were held by working class people, mostly union leaders.[2]

When the UIA made its peace after Perón's overwhelming electoral victory in 1946, its support for the regime was never as spontaneous and enthusiastic as that which came from the CGT. While the UIA accorded Perón respect, the CGT gave him love and adoration. In fact there was dissension within the UIA in 1946 between those who favored closer relations with the government and those who wanted to continue the organization's oppositional stance. Indeed, it was because the UIA could not be won over completely that the Consejo General Económico (CGE) was founded in December of 1952. In its formation, dissidents from the UIA who were closest to the Peronist regime played an important part. In contrast to the more traditional and British oriented UIA, the CGE with its president José Gelbard[3] represented those sectors associated with the national bourgeoisie. Less tied to traditional foreign linked entrepreneurs, it brought together organizations representing small businessmen from the interior and industrialists oriented to the domestic market. The CGE was also a more democratically structured organization along

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[1]Gilbert Merkx, "Sectoral Clashes and Political Change: The Argentine Experience," Latin American Research Review 4 (Fall 1969): p. 92.

[2]Luna, p. 505.

[3]As we shall see, Gelbard was responsible for the brief attempt at formulating an economic project seeking to promote the interests of the national bourgeoisie when Perón returned to power in 1973.

federative lines, with each region and branch of economic activity having its own chamber.[1]

Perhaps it was because the bourgeoisie failed to play a dynamic part in developing the productive forces within the Argentine economy, that the Peronist government acted in a surrogate capacity pursuing policies which therefore led to a marked tendency towards state capitalism. By monopolizing export-import structures and utilizing credit and fiscal devices, Peronism succeeded in reorienting capital flow towards circuits based on the internal market. The state speeded the expansion of the productive forces inherent in pushing internally oriented growth to its full potential by aiding in the development of the needed infrastructure. The proceeds from the Instituto Argentino para la Promocion del Intercambio's (I.A.P.I.)--the state's agency monopolizing export trade--operations for example, were used in nationalizing public utilities, expanding the state's merchant marine fleet, purchasing other means of transportation, and capital equipment for the state's oil company (Y.P.F.). The state also played a more direct role in this process via state-owned enterprises.[2] It must be emphasized that this constituted state capitalism rather than a move towards socialism, because though the state sector owned significant means of production, there was no attempt to alter the relations of production from a private property framework. Indeed, the state sector acted to enhance the conditions that would give the private sector a greater return on its capital.

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[1] Cuneo's work, pp. 186-202, contains a good discussion of the CGE.

[2] Though this was primarily in military-related production, it was not confined to this area. Thus the nationalization of the railroad network and of public utilities.

The thesis that sees the Peronist regime as an incident of state capitalism[1] is correct to the extent of the ownership of means of production and their use to promote a capitalist relations of production and distribution. However, understood in the sense of the regime's class base being restricted to a privileged bureaucratic caste within the state apparatus,[2] the state capitalist thesis would be incorrect for the Peronist case. The analysis developed in this study maintains that the Peronist state tended to be autonomous, that it was not specifically tied to, nor was it a mere expression of a particular class. This view is not, of course, tantamount to asserting that the regime lacked a social base or that the regime did not in fact represent interests, both in terms of its personnel and its policies.

In terms of social base, I find Eldon Kenworthy's view of the Perón government as having rested, at least initially, on a military/labor coalition to be essentially correct.[3] In terms of governmental personnel, these and other interests not usually represented in prior governments were present throughout the entire structure. For example, Kenworthy compares the members of a 1942 pre-Perón cabinet with those of Perón's first cabinet and finds among the latter but not the former, labor leaders and industrialists not engaged in the elaboration of agricultural goods. In Perón's cabinet there was also a very significant increase in the members who did not possess an elite background.[4]

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[1] Juan Carlos Esteban argues this position in his Imperialismo y desarrollo económico (Buenos Aires: Merayo Editor, 1972).

[2] As for example in Leon Trotsky's analysis of the Soviet instance in The Revolution Betrayed.

[3] See the first part of the section beginning on p. 183 above.

[4] Kenworthy's Ph.D. dissertation, p. 248.

> The 1946 group apparently contained no members of the prestigious Jockey Club or the more exclusive Círculo de Armas, while half of the 1942 cabinet are known to have been members of one or both. No less novel than union leaders is the presence in the 1946 cabinet of at least one self-made industrialist. Previous governments contained--the precise mixture depending on the party in power--representatives of large beef-raisers and wheat growers, and those associated with the processing and trade of these products. . . .
>
> Totally missing in 1942, and in all previous cabinets to my knowledge, are men like Rolando Lagomarsino, a medical school drop-out who built up his own company, manufacturing hats and other products.

Kenworthy underlines the difference between the two cabinets, noting that though Perón's Minister of Agriculture was a landowner and member of the Sociedad Rural like his predecessors, he was also "a president of a chemical concern and Under-secretary of Industry and Commerce."[1]

In discussing whether the interests of industrialists were represented within Perón's government, Kenworthy makes a very useful distinction between "old" and "new" industrialists.[2] The former refers to those engaged in activities related to the agro-exporting sector, the quintessential example being the meatpacking plants. The latter involves the import substituting sector oriented to domestic consumption and often depending on protective barriers and other governmental assistance against foreign competition. Within this type one can make a further distinction between those lighter industries which first came into existence, more labor intensive and with a lower organic composition of capital, such as textiles and foodstuffs, and the newer, heavier

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[1] Kenworthy, pp. 250-1.

[2] Eldon G. Kenworthy, "Did the 'New Industrialists' Play a Significant Role in the Formation of the Peronist Coalition, 1943-6?" in Ciria, p. 27.

industries with a higher organic composition, such as metallurgy. This distinction becomes very important further on when the analysis turns to the dual, contradictory nature of the industrial development taking place during this period.

The "new industrialists" certainly benefited from Peronist policies and their interests were well represented within the regime. Their personnel occupied the key economic policy making positions. For example, as Kenworthy points out, Miguel Miranda was the "economic czar" behind the changes in early 1946, among which were the nationalization of the Central Bank and the creation of I.A.P.I. He was also the major influence in the formulation and administration of the First Five Year Plan (FFYP). "Once an employee of a typical 'old' firm, Bunge y Born, Miranda had struck out on his own in tin- and chrome-plating and in the related field of canned foods."[1] Miranda personified the "new industrialist," a self-made captain of industry of manufacturing plants in the import substituting sector "which had grown under the protective shadow of the Depression and the Second World War."[2]

Though it is tempting to identify the regime's industry promoting policies with Miranda and Lagomarsino, Kenworthy correctly notes that these policies actually predate them.[3] Miranda and Lagomarsino were not even associated with Perón prior to 1945; in fact, Miranda was one of the UIA's anti-Peronist leaders before 1945.[4] "The evidence

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[1]Kenworthy, p. 17. [2]Ibid., p. 16.

[3]He cites the expansion of industrial credits on August 23, 1944, the integral industrial promotion law of June 1944, the establishment of the Industrial Credit Bank in April, and in July of 1944, the creation of the Secretariat of Industry and Commerce. Ibid., p. 18.

[4]Ibid.

suggests, then, that the adhesion of any significant group of industrialists, new or old, to Perón's Army-labor coalition came only after the triumph of the coalition was a fait accompli. As a group the new industrialists did not play an important role in bringing Perón to power."[1] By contrast, as we have seen, labor did play a very important role, first in saving Perón from his erstwhile military comrades and then in reinforcing his hold on power. In ousting Perón from the junta in 1945, the military was responding to pressures being fomented largely by landowners and industrialists.

Budgetary allocations are indicative of the changing role of the military within the Peronist coalition. As Alberto Ciria points out,[2] the military budget allocation for 1945 was five times as high as that for 1942. On the other hand, once his labor base had secured him more firmly in power and the industrial bourgeoisie began to be more responsive to his appeals to join in the coalition, Perón preferred to rely less heavily on the military as the base for his regime.[3]

The Oligarchy

This survey on the attitudes of classes and sectors within them towards the regime, and the regime's relationships with them, would be

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[1] Kenworthy, p. 22. Emphasis in original.

[2] In his previously cited Perón y el justicialismo, p. 42.

[3] Waldmann, pp. 162-3. According to Peter Waldmann, the military received one half of the state's expenditures in 1945, one third on 1946, and only one fifth of the state's expenditures by 1951. On this subject Waldmann cites Cafiero, p. 109 and Robert Alexander, The Perón Era (New York: Russell and Russell, 1965), p. 119 and Alain Rouquie, "Adhesión militar y control político del Ejército en el régimen peronista (1946-55)" in Aportes, No. 19 (Jan. 1971), p. 79.

incomplete without a discussion of the landowning oligarchy. There seems to be little doubt that during the first half of the Peronist decade, the rural sector bore the costs of the industrializing drive. According to David Rock, "the weight of the evidence suggests that the sector mainly penalized by this policy was the agricultural producers. E.C.L.A.'s figures suggest a 27% decline in agricultural incomes between 1946 and 1949."[1] Though Peronist industrializing efforts represented a basic continuity with the limited import substituting policies of its predecessors, Peronism also went far beyond the scope of the latter and indeed fundamentally reversed the relationship between the sectors by subordinating rural production to the requirements for furthering expanded manufacturing activity. Thus, even though Perón was in a sense merely carrying out, albeit in an accentuated manner, policies proposed by members of their own class, the oligarchy could not help but be hostile once the impact of the Peronist project began to be felt.

It must however be stressed that, though he instituted such measures as the Estatuto del Peón which provided for increased wages and better working conditions for the rural proletariat, Perón did not directly attack the social relations prevalent in the countryside. He did not seek to undo the oligarchy's material base; indeed, as has been noted by analysts with differing political perspectives on Peronism, the failure to expropriate large landed property may well have been the regime's major error.[2]

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[1]Rock, "The Survival of Peronism" in the book edited by him, p. 189. He also points out that I.A.P.I., the primary Peronist instrument for redistributing agriculturally generated surplus, "had been among the proposals of the conservative Piñedo Plan of 1940."

[2]Even Antonio Cafiero, who represents Peronist orthodoxy, seems to have grudgingly accepted this conclusion ex post facto; see pp. 441-2.

Nevertheless, though their material base was not being attacked directly, the oligarchy was right to feel threatened by the political and social climate introduced by Peronism into the countryside. The notion gaining currency among peons and rural workers that the state represented a higher authority than their boss, and that they could appeal to this authority to protect their interests, was much more dangerous to the oligarchy's position than the granting of wage increases. To the oligarchy, and as we have seen there were similar sentiments among the industrial bourgeoisie, the Estatuto del Peón was just one more example of a process being set in motion which could run out of control.[1] For example, the December 1944 issue of the Anales de la Sociedad Rural insisted that it could no longer remain silent in the face of public declarations surrounding the Estatuto del Peón in which landowners are portrayed as

> egotistic and brutal beings who satisfy their inhuman sensual needs at the expense of the misery and hardships of those who must work for them. . . . Work in the countryside was and remains an extension of the boss' personal intervention. The latter frequently joins the peasants in common labor, which may lead some to confuse this relationship as one of the owner and slave when in reality it comes closer to being that between father and sons.[2]

In addition to posing an indirect threat with the potential of a breakdown in labor discipline, Perón's active crusade to bring dignity and pride to working people, and his use of governmental machinery to back them up, seemed to insolently flaunt the traditional rules of the

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[1]Luna makes these points, pp. 43-4.

[2]Cited by Cúneo, pp. 154-5. My translation.

political game. It is significant that all groups representing agricultural property owners were united in their opposition to Perón. As Peter Smith aptly notes, as long as the rural groups controlled the country, they fought among themselves over the distribution of the spoils. When however, the whole arrangement seemed to be challenged by the urban proletariat, they joined together in a common effort to salvage their society.[1]

The opposition of the landowning interests to the Peronist regime reached a crescendo and peaked by the 1946 elections. Thus, in 1945, the socially and politically significant annual exhibition sponsored by the Sociedad Rural, was used as a political demonstration. When the Army officers who were to participate in the equestrian events came on the field, they were greeted by boos and shouts of Libertad. By contrast, at the 1946 exhibition, Perón was received as an honored guest. Though it did not cease to criticize the regime on interference with labor relations, just like the UIA, by 1946 the reconciliation with the regime had been completed and relations remained officially cordial for the duration of the Peronist period.[2]

As we saw, this reversal came about as a result of the vivid demonstration of the solidity of Perón's working class base through street mobilizations and then the resounding victory at the polls. These pragmatic reasons were undoubtedly facilitated by the fact that although Perón might represent an indirect threat through his disruptive impact on labor discipline, he was not a foe of private property, nor, despite

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[1] Smith, p. 258.

[2] On relations between the SRA and the regime, see Cúneo, especially pp. 159-60, 163-5.

the militant rhetoric, did he seem intent on expropriating large landed estates. Article 38 of the Justicialist Constitution of 1949 had stated:

> It is incumbent on the state to control the distribution and utilization of the land and to intervene with the objective of developing and increasing its yield in the interest of the community, and to secure for each rural worker and for his family the possibility of becoming the owner of the land which he tills.[1]

The Second Five Year Plan also contained a series of measures along these lines, but it was clear that the regime did not consider them seriously since it never undertook the mobilization of popular forces which their implementation would have necessitated. Indeed, after 1949, the regime's hostile stance towards the oligarchy changed and its relations with the agro-pastoral exporting interests mellowed considerably. As we shall see, faced with the agricultural crisis of 1951-2, rather than moving towards expropriation, Perón chose to allay the large landowners' fears.

Some have argued that Peronism's fatal error was its failure to expropriate the landowning oligarchy not only because this left its major opposition's material base intact, but also, because in failing to grasp the closeness of the connection between the oligarchy and the industrial bourgeoisie, the regime deprived itself of the only effective way of undermining opposition from that source as well. Julio Mafud, for instance, argues that Peronism's inability to see that the industrial bourgeoisie was the child of the landowning oligarchy led it to the futile policy of promoting the growth of industrial capital as a means

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[1] As cited in Silverman's thesis, p. 112.

of offsetting the oligarchy's power.

> Peronism did not understand, or understood too late, that there can be no national liberation or emancipation from imperialism that does not involve the destruction or elimination of the landowning oligarchy's socio-economic structure. . . . It did not comprehend that as it promoted industrialization it increased dependency on two sides. On one side, the government depended on the landowning oligarchy, owner of almost all industrial capital. On the other side it depended on foreign imperialist capital if it wanted to maintain the technical rhythm of modern industrial production, as it discovered after 1950 when it lacked the technical capacity for further development.[1]

To the extent that Mafud calls attention to Peronism's failure to dismantle the social relations that provided the base for Argentina's dependency, and in that he portrays industrialization within the private enterprise framework as merely replacing one set of dependent foreign-national relationships with another dependent set, the above statement paraphrases the major thesis developed in this study. However, Mafud's analysis diverges from ours in its implication of an almost total identification of agricultural with industrial capital. Having said this, I would also add that the more serious mistake is the opposite one. It would be even more misleading to adopt the conventional paradigm that asserts an inherent conflict between the rural-based landowning elite and the urban-based bourgeoisie tied to the development of the factory system, assigning the latter a dynamic and progressive role in undoing the former's traditional society.

Although the truth lies much closer to Mafud's interpretation than to the latter, both err in that they characterize the Argentine industrial bourgeoisie of the period as a more homogeneous entity than

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[1] Mafud, p. 168. My translation.

it was in reality. It was composed of diverse sectors with the dominant group in fact being closely linked to the oligarchy and materially tied to agro-exporting activities.[1] There was also however, another sector developing within the industrial bourgeoisie with an interest in an economy centered on manufacturing activity oriented to the domestic market. This is the sector Kenworthy calls the "new industrialists" and which this study refers to as the "national bourgeoisie." It was the sector which Peronist policies sought to promote and which indeed benefited from them.

Stressing the proximity of the dominant sector within the industrial bourgeoisie with the landowning oligarchy offers an explanation for the seeming paradox of the hostility of the industrial bourgeoisie towards the regime in spite of its policies favoring the growth of manufacturing activity. This proximity was fostered by the landowning oligarchy which, as an "open" ruling class not unlike its British counterpart, maintained its control over newly rising elites through selectively incorporating their most dynamic members. This not only deprived the emerging industrial bourgeoisie of its most dynamic elements, it also led to a lack of an independent orientation since its most successful members aspired to oligarchic status and identified with the ruling stratum's values. Dardo Cúneo cites a dramatic illustration in the per-

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[1]In a 1965-6 survey, Cardoso shows a close linkage between entrepreneurs and estancieros, at least as far as attitudes are concerned. When entrepreneurs were asked whether important divergences existed between the interests of rural and industrial sectors, 51 percent of them said "no," with only 21 percent answering affirmatively, and another 20 percent saying "sometimes." F.H. Cardoso, Ideologías de la burguesía industrial en sociedades dependientes (Argentina y Brasil) (Buenos Aires: Siglo Veintiuno Editores, 1972), p. 146.

son of the founder of the Jockey Club, one of Argentina's most prestigious social institutions. Carlos Pellegrini was an industrialist, and yet when the Jockey Club honors its founder with an edition of his speeches, not a single one with a pro-industrializing theme is included.[1] Nor was this a one-way street. "Indeed, the aristocracy can be seen moving in a symbiotic direction, its members turning their backs on a declining rural income in order to parlay social influence into new wealth through lending their names and connections to business, both foreign and domestic."[2]

The close connection between the landowning ruling class and the industrial bourgeoisie also makes less paradoxical the espousal of the qualified industrialization program of the thirties on the part of a regime so closely identified with the oligarchy. Thus it is not so contradictory that Luis Duhau who was the Minister of Agriculture in the Justo Administration and who was a member of the Sociedad Rural, should have been one of the proponents of that policy. In its defense he made this revealing statement:

> The historic stage of our prodigious growth under the direct stimulus of the European economy has finished. . . . After writing off the external stimulus, due to the confused and disturbing state of the world economy and policy, the country should look to itself, to its own resources, for relief from its present difficulties.[3]

Did the oligarchy use its material base to sabotage the Peronist regime's efforts to build up the national economy by cutting back on

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[1] Cúneo, p. 278. [2] Kenworthy, p. 25.

[3] Cited by Carlos F. Diaz Alejandro, Essays on the Economic History of the Argentine Republic (New Haven: Yale University Press, 1970), pp. 37-8.

rural production? There is controversy on this subject and the data do not clearly support either side of the question. Robert Alexander is one of those who have argued that Peronism's attack on

> the economic and political power of the rural landowning class . . . had a disastrous effect on Argentina's agricultural output. According to the January, 1956 issue of the Boletín económico de América Latina, published by the Economic Commission for Latin America, the total amount of land under cultivation in Argentina dropped from 21,814,000 hectares in the 1934-38 period to 17,254,000 in 1955. The amount of land under cultivation in cereals and vegetable oils dropped by 1955 to only 74.4 percent of what it had been in 1934-38. Some observers have argued that the fall in the amount of land in use was even greater than these figures would show.[1]

Jorge Fodor, in an excellent analytical article interprets the same kind of data in the context of how international economic factors impacted upon Argentina and concludes that, far from being wasteful and capricious, Peronist policies toward the agricultural sector were the most appropriate and rational under the circumstances. He argues that what "happened was simply that beef production increased." Citing E.C.L.A.'s Economic Survey 1949 (p. 133) he maintains that it increased by 24 percent between 1937 and 1947 and that this was largely in response to what seemed excellent prospects for beef to gain access to the U.S. market in 1946 and become a dollar earner. On the other hand, because of the lack of markets, "cereals had to rot or be used as fuel. It was estimated that in 1943 alone, 1.7 million tons of wheat and 1.5 million tons of linseed had been burnt. (United Nations, E.C.L.A., Economic Survey 1949, p. 132)"

> Meat exports had, on the contrary, remained comparatively stable. These relatively favourable conditions for livestock explain why cattle increased at the expense of cereals. This

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[1]Robert J. Alexander, Prophets of the Revolution (New York: MacMillan, 1972), p. 253.

> shift also explains what had happened with the land. The total decline in cultivated area in Buenos Aires, Córdoba, Santa Fe, La Pampa, and Entre Rios between 1936-7 and 1946-7 had increased in these same provinces by 7.4 million heads, an addition in land terms of slightly over 8 million additional hectares. (United Nations, E.C.L.A., Economic Survey 1949, p. 133)[1]

Fodor's basic point is that cultivated land declined and agricultural production suffered in those areas producing for overseas markets and that the government's policies were a rational and appropriate response to circumstances and factors over which it had very little control. On the other hand, he points out, agricultural production geared to the internal market increased dramatically in the Peronist years.

> With the development of the edible oil industry in Argentina, sunflower increased from zero in 1933 to 1.5 million hectares in 1948. The area cultivated with industrial crops (sugar cane, wine, peanuts, tobacco, yerba mate, and cotton), expanded from a yearly average of 439,000 hectares for 1925-9 to 1,061,000 hectares in 1945-8.[2]

Table 16 partially confirms Fodor's analysis, showing that, based on the government's figures, if one takes the yearly average of cattle slaughtered in the five year period immediately preceding Perón and compares this figure with the five year period immediately after the 1943 coup, there was a slight drop in beef exports. Of course this does not necessarily invalidate Fodor's argument, since it is relative and hinges on perceptions of trends. That is, the foreign demand for wheat and cereals declined more drastically and the prospects for placing beef abroad looked relatively good. What is significant about the figures in

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[1]Jorge Fodor, "Peronist Policies for Agricultural Exports 1946-8; Dogmatism or Commonsense?" in Rock, pp. 154-5.

[2]Ibid., p. 153.

Table 16 is that the output of beef did not decrease and that production for domestic needs seems to have gone up significantly.

TABLE 16.--Average of cattle annually slaughtered in millions of head

Period	Export	Internal Consumption	Total
1938-42	2.45	4.79	7.24
1944-48	1.85	5.48*	7.40

SOURCE: Adapted from figures found in Anuario Estadístico, Tomo I (Buenos Aires: Presidencia de la Nación, Ministerio de Asuntos Técnicos, 1948), p. 408.

*Does not include cattle slaughtered for industrial use.

With a growing proportion of its production destined for domestic needs, the agricultural sector mirrored the overall impetus of Peronist policies promoting an internally oriented growth pattern. Table 17 shows this trend: the contrast between the 60 percent of agro-pastoral production for foreign markets in 1927 with the 78 percent for domestic consumption in 1955 provides a sharp illustration. Table 17 also corroborates my argument that Peronism represents the culmination of a transitional process whose trends accelerate after 1930. The figures show that the inversion of the proportions destined for foreign and domestic markets took place in the 1930-4 period and that the gap between them increasingly widened after that.

TABLE 17.--Proportions of agro-pastoral production destined for external and internal consumption

Period	Percentage Going to Foreign Markets	Percentage Destined for Domestic Markets
1920	52	45
1927	60	40
1930-4	48	52
1935-9	43	57
1945-9	29	70
1950-4	21	79
1955	20	78

SOURCE: E.C.L.A. El desarollo económico argentino. Part II. Los sectores de producción agropecuaria y sus posibilidades de crecimiento. Adapted from Juan Carlos Esteban, p. 130.

Overview

The example of the oligarchy illustrates limitations inherent in Peronism's class alliance formula. At this point I want to raise in a preliminary and theoretical way a key theme that the remainder of the analysis seeks to demonstrate: by using the state and popular mobilization as "pressure," choosing to influence class relations through indirect means, rather than restructuring state power on a class basis in order to use it in altering existing class relations, Peronism determined the nature of the succeeding developmental model.

In accordance with its populist-nationalist doctrine, Peronism used the state as an instrument to undercut class struggle, to expand the common ground shared by all social sectors by involving them in the crusade to build the new Argentina free from the domination of foreign im-

perialists and their vendepatria allies. As we saw, Perón believed in an activist state, but not one tied to any particular social group, believing instead that its proper role lay in the forging of the widest possible alliance in this common national enterprise. Being committed to achieving this objective while preserving the private property framework, he had no intention of tampering with the social relations underlying production and indeed was strongly opposed to any such attempt. For this reason the Peronist state confined its reforms to the sphere of circulation, believing a redistribution of wealth to be essential to prevent class struggle from spilling over into the sphere of production. As we saw, the bourgeoisie vehemently disagreed with Perón on this score, its perception being that such reforms tended to undermine labor discipline by creating the sense among workers that they could count on the state as their ally.

It must be stressed that Peronism's populist-nationalist program of displacing class struggle onto a common effort in the development of national capitalism was only possible because of the very favorable conditions for the Argentine economy internationally at that time. Because the regime's developmental program was congruent with these conditions, it could provide simultaneous benefits to social sectors with antagonistic interests in the distribution of surplus value. In this way the regime was able to maintain its populist-nationalist base intact and deliver the material pay-offs essential for social peace. However, though obscured for the time being, contradictions between sectors comprising the Peronist coalition remained and, in the end, proved instrumental in the 1955 coup. An important factor in the regime's overthrow was the fact that it was never able to overcome the distrust felt by the military

and the bourgeoisie as a result of its identification with the working class and popular sectors.

Contradictory Industrialization of the Forties

Key to populist-nationalism's class alliance formula was the provision of higher wages and an improved living standard for the working population along with increased profits for industrialists. Peronism's developmental program sought to do this with a two-pronged approach: 1) it aimed to expand the domestic market by raising the purchasing power of the broad masses through redistributive measures, and 2) it sought to encourage local manufacturing through protective tariffs and easy financing[1] by shifting agriculturally generated surplus toward industry. This program was successful in the forties because of its congruence with exceptionally favorable circumstances for the Argentine economy.

These external factors were a direct result of wartime conditions. The most important were: 1) the relative lack of competition from foreign manufacturers which created a gap in the demand for industrial products that Argentines could fill, not only in Argentina itself but to an impor-

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[1]One of the primary instruments was the Banco de Credito Industrial founded in 1944 with the aim of "fomenting national industry." According to Cafiero it financed the installation and expansion of more than twenty thousand establishments between 1946 and 1951. Its wide-ranging activities included supporting many projects and developments requiring large scale capital investments with little immediate return such as manufacturing railroad cars, rebuilding locomotives, fabrication of diesel engines and farm machinery, and so on. Significant to the thesis about Peronist industrialization in this section, the Banco de Credito Industrial also aided small scale, artisan type enterprises. As a matter of policy, it benefited proprietors relying on manual tools and in many cases financed the installation of simple auxiliary machines. According to Cafiero, the bank approved more than two thousand requests for credits of this type during the first months of the program's existence.

tant degree in other Latin American countries, and even to some extent in the more advanced industrial nations,[1] and 2) the requisites of wartime production and the disruption of international trade which affected Argentina less in her status as a neutral nation, produced a boom in the demand for Argentine agro-pastoral goods.

In contrast to the past, where the oligarchy would have further enhanced its position, the Peronist state reaped the benefits of this favorable situation because it had moved to monopolize the export structures for agricultural commodities. I.A.P.I., which in its initial years forced landowners to sell their products at prices below those that prevailed on the world market, to be resold by I.A.P.I. under the best terms it could secure, reflected both the regime's strength and the disdain it felt for the oligarchy during this phase. As a result of all these trends, manifested in a record of favorable balance of payments, Argentina possessed in 1945 the highest amount of gold, dollars, and European currencies in her history. These were used to pay off all past debts the Argentine government had contracted and to provide handsome compensation for the British railroad system and the North American and

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[1]Perón was able to claim in a speech he gave on December 2, 1944, that Argentina's exports of industrial goods for 1943 equalled the value of her agricultural exports for that year. Peyrou and Villanueva, p. 285. Murmis and Portantiero cite figures from the UIA's Memoria for 1943 comparing exports in 1939 and 1943. These show that the export of finished manufactured goods for 1939 amounted to one percent of that year's total exports. The corresponding figure for 1943 had risen to 11 percent. Semi-elaborated industrial goods rose from 3 percent of the total in 1939 to 14 percent by 1943. Similarly, processed primary goods exported increased from 32 percent in 1939 to 44 percent of total exports in 1943. On the other hand, according to the same source, for the same years, the export of primary goods decreased from 64 percent in 1939, to 31 percent of the total for 1943. Another interesting effect of the wartime conditions is revealed by the fact that Latin America absorbed 47 percent of these exports in 1943. Murmis and Portantiero, p. 129.

English owned utilities that were nationalized. Even though these measures practically wiped out all the foreign exchange reserves Argentina accumulated during the wartime boom, these were monumental achievements which a weaker government would not have dared to undertake. This was the context that enabled Peronism to expand manufacturing to the point that it replaced agricultural production as the nation's predominant form of economic activity. Table 18 shows this expansion of manufacturing activity and how its output began to surpass that of the rural sector.

TABLE 18.--Contribution to the GDP of the rural and manufacturing sectors (at factor cost, current prices in billions of pesos) between 1935 and 1950.

	1935	1940	1943	1944	1945	1957	1949	1950
Rural	2.1	2.46	3.04	3.58	3.58	6.27	7.8	9.06
Manufacturing	1.21	1.77	3.01	3.71	4.0	7.73	11.84	13.7

SOURCE: Poder Ejecutivo Nacional, Secretaría de Asuntos Económicos, Producto e ingreso de la República Argentina en el periodo 1935-54 (Buenos Aires, 1955). Extrapolated from tables contained in the Statistical Appendix found in Diaz Alejandro.

Though not strictly comparable, the figures in Table 19 nevertheless show the continuation and intensification of the trend established in Table 18.

TABLE 19.--Contribution to the GDP of the rural and manufacturing sectors (at market prices, current prices in billions of pesos) between 1950 and 1960

	1950	1953	1955	1957	1960
Rural	9.0	23.1	26.1	41.8	152.3
Manufacturing	22.0	39.1	59.5	92.2	336.9

SOURCE: Presidencia de la Nación, Consejo Nacional de Desarollo, Cuentas nacionales de la República Argentina (Buenos Aires, 1964), pp. 66-7. Extrapolated from tables contained in the Statistical Appendix found in Diaz Alejandro.

It is noteworthy that the amount of the GDP contributed by the manufacturing sector does not surpass that originating in the rural sector until 1944, although the gap between them steadily decreases until that point. During the Peronist period, compared to the manufacturing sector, the rural sector's contribution remains relatively stagnant. The data also suggest that the process set in motion during this period continued unabated past 1955. Additional data further on shows this to have been the case.

This tendency towards the predominance of the industrial sector and production for national needs was affecting the countryside itself. According to Luis V. Sommi in El plan Prebisch y el destino argentino (p. 23) production of cereals and flax dropped 26.1 percent from 1939 to 1954. However, according to him, this drop was more than offset by the increase registered in the cultivation of industrial crops, 72 percent, and the harvesting of fruits and vegetables for domestic consumption which increased by 82.8 percent.[1]

Peronist policies promoting industrial activity clearly achieved their intended results. The years between 1945 and 1949 mark the period of the most intense industrialization in Argentine history. The Industrial Census of 1946, shows the accelerated expansion in the total number of industrial plants established. It reveals a progression of approximately 1,700 new industries per year in the decade of the twenties, 2,800 per annum in the thirties, and 5,000 new firms per year in the Second World War. Another indicator of this accelerated pace of industrialization was the expanded output of the manufacturing sector. According to Cafiero the volume of physical output from industrial production increased by

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[1]Cited by Esteban, p. 51.

almost one third (31%) from 1945 to 1949, while that of agriculture rose some 30 percent, construction 17 percent, and that of the service sector, which Peronism is often accused of having artificially expanded at the cost of productive activities, by only 17 percent.[1] As a corollary to this rapid increase in manufacturing activity, Peronism's social base, the industrial working class, continued to expand. According to George Blanksten, the industrial labor force rose by almost one third, from 732,799 workers employed in non-agricultural industries in 1943 to 955,890 workers in 1949.[2]

To understand the contradictions within Peronist development one must first understand the basic continuity of the Peronist developmental model and the ways in which it diverged from the experience of the thirties. The type of industrialization that initially took place did not basically differ from that of the prior period. In essence, Peronist policies promoted an import substituting manufacturing sector. Even though the balance of power in the bargaining arena was shifted towards labor, pro-labor policies were conceived within a capitalist framework. Even the trend of continued expansion of industrial activity represented, as we have seen, an element of continuity with the immediate past.

However, this increased scope and intensity of the industrialization of the Peronist years also produced divergencies from the patterns of the past. In one estimate based on data available from Argentine government sources, Eprime Eshag and Rosemary Thorp calculate that whereas the gross national product rose at a rate of three percent during the

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[1]Cafiero, p. 294.

[2]George Blanksten, Perón's Argentina (Chicago: University of Chicago Press, 1953), p. 255.

war years, it rose at least ten percent per annum from 1945 to 1948.[1] The even greater magnitude of industrialization of the Peronist years, added to the already considerable expansion of the thirties, produced a situation where quantitative changes led to qualitative changes. In other words, contradictions which had already intensified, intensified further to the point that they resulted in qualitatively different ones.

To achieve the tremendous rise in manufacturing activity that took place, Peronism incorporated an aspect into its policies that diverged radically from the oligarchic developmental model. A qualitatively new set of relationships emerged from the fact that Peronist strategy for industrialization rested on reversing the traditional subordination of manufacturing activity to agricultural production. We saw how I.A.P.I. represented the institutional embodiment of this reversal.

Peronist policies which undermined the British presence in the Argentine economy represent another example of the industrializing drive of the forties leading to a qualitatively new set of relationships. In Chapter 3 we saw that the policies of the thirties deliberately sought to confine industrialization so as not to compete with British interests, as exemplified by the Roca-Runciman Pact. Peronism on the other hand, pursued policies designed to dismantle the infrastructure for the British presence. Besides the state monopolization of the export of grains and cereals (undercutting commercial interests), other such policies included: nationalization of British-owned railroads and foreign-owned utility companies, development of a state-owned merchant marine with considerable tonnage under Argentine flags (previously most trade had been under

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[1] Eprime Eshag and Rosemary Thorp, "Economic and Social Consequences of Orthodox Economic Policies in Argentina in the Post-War Years," Bulletin of the Oxford University Institute of Economics and Statistics, Vol. 27, No. 1 (Feb. 1965), p. 9.

British flags), creation of the Banco Central de la República Argentina (there had been a strong foreign influence in the financial sector), and Five Year Plans with a priority on industrialization.

Indeed, there was a very close association between breaking out of a semi-colonial relationship with the United Kingdom and the promotion of industry. As we saw in Chapters 2 and 3, free trade and the exchange of agro-pastoral primary goods for British manufactures had provided the underpinning for the Anglo-oligarchic connection.[1] Now, as England's influence weakened further as a result of the Second World War, the Peronist state moved systematically to dismantle the apparatus of the United Kingdom's hegemony. The regime's successful promotion of industry was therefore, both cause and effect of Great Britain's deteriorating position within the Argentine economy.

Also interwoven with this qualitative shift away from policies favoring the British presence, was a third critical qualitative shift accentuated by Peronism's quest for economic independence. This was the shift away from externally oriented growth towards an internally oriented growth model. As national industry expanded benefiting from the regime's policies, economic activity came to be increasingly bound up with providing for an enlarging domestic market.

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[1]It is interesting to note here that the debate around the need to erect protective tariffs for an infant national industry went back almost a hundred years. Cúneo, pp. 44-6, provides fascinating excerpts from a congressional debate that took place in 1876 and involved some of Argentina's legendary figures including Vincente Lopez and Carlos Pellegrini. For example, he quotes Congressman Miguel Cane: "Today America is no more than England's farm; England is the world's workshop." And he adds, "I understand that one must begin with protectionism in order to thereby arrive at free trade. Bright will be the day when our country can say, like Sweden, like Australia: Throw open customs, because it will be as a result of protectionism having borne fruit, because industry will have developed." (p. 46)

The considerable expansion of industry therefore involved a case of quantitative change resulting in qualitative shifts 1) reversing the traditional subordination of industry to agriculture, 2) imposing policies diametrically opposed to those which had prevailed favoring British interests, and 3) promoting an internally rather than externally oriented growth model. However, useful as their distinct conceptualization is to analyzing and understanding the process under consideration, it is important to keep in mind that these shifts were closely interrelated: in fact what is involved are three facets of one single process.

To see the shifts towards qualitative impact of contradictions inherited from the prior period, it is necessary to look a little more closely into the nature of the industrializing process itself. It can be characterized as a process of dual, potentially contradictory development. Economic planning began in September of 1944 with the creation of the Consejo Nacional de Postguerra over which Perón presided. It was responsible for formulating the First Five Year Plan (FFYP) which Perón presented to Congress on October 21, 1946 and which covered the years from 1947 to 1951. The FFYP sought to protect those industries that had developed just prior to, and during the World War II years. It was in this sector, producing non-durable consumer goods, that a growing national bourgeoisie was grounded. With its emphasis on economic independence and protective barriers, Peronism promoted the interests of these national entrepreneurs. With their relatively less efficient and more labor intensive productive techniques, the regime shielded them from the potentially disastrous competition of foreign suppliers. Clearly the owners of businesses in this sector did quite well as indicated by both its growing size and increased output. As a result of the FFYP they enjoyed

very respectable profit margins. According to a 1949 study cited by George Blanksten, of 1000 firms participating in the FFYP, 87 of them realized profits of over 50 percent, "213 of them reported profits between 20 and 50 percent, 528 of them relized profits up to 20 percent, 28 broke even, and the remaining 144 suffered losses."[1] In this sense the FFYP was an effective instrument for providing the material basis with which the regime sought to cement an alliance between the working class and national capitalists.

Industrial growth in the thirties had been largely confined to the light, non-durable consumer goods sector, principally in the area of textiles and foodstuffs. By widening the domestic market through its redistributive measures and by consolidating this market for national producers through its protective measures, especially after the wartime conditions which had hindered foreign competition began to dissipate, Peronism further accelerated the expansion of this light consumer goods producing sector. This was the element of continuity in Peronist industrialization.[2] On the other hand, the very expansiveness of this

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[1] Blanksten, pp. 255-6.

[2] The following sources can be consulted on economic development during the Perón period:

Carlos Diaz Alejandro, Essays on the Economic History of the Argentine Republic (New Haven: Yale University Press, 1970).

Banco Central de la Republica Argentina, Memoria Anual (1945-1956).

E.C.L.A. (U.N.), Análisis y proyecciones del desarrollo económico, Vol. V: El desarrollo de la Argentina (Mexico, 1959). This was Prebisch's report.

Aldo Ferrer, La economía argentina: Las etapas de su desarrollo y problemas actuales (Mexico, D.F.: Fondo de Cultura Economica, 1963).

Guido Di Tella and Manuel Zymelman, Las etapas del desarrollo económico argentino (Buenos Aires: Editorial Paidós, 1973).

industrialization also led to the growth of other branches of production that had not been so active in the increase of manufacturing activity during the prior period. The development of a heavy durable and capital goods sector along with the wage goods sector is what this study refers to as the dual development of the industrial sector during the Peronist period.

Table 20 shows the dual nature of Peronist industrial development at the height of the FFYP's achievements.

TABLE 20.--The manufacturing sector in 1948

Branch	Percentage of Total Number of Plants
Food Processing	20
Vehicles and Machinery (excluding electrical)	15
Garment	12
Metals (excluding machinery)	12
Subtotal	59

All other branches had less than 10 percent of the total except for lumber (12 percent).

SOURCE: The 1948 Industrial Census in Ministerio de Asuntos Técnicos, Anuario estadístico, tomo III (Buenos Aires, 1949-50), p. 9.

The picture presented by Table 20 is one of a manufacturing sector centered on providing non-durable consumer goods for the domestic market with important branches producing metals and vehicles and machinery; in other words, a light industrial economy with an emerging durable and capital goods sector.

The preponderance of the food processing branch within manufacturing emerges from the fact that the same Industrial Census shows it to represent almost one quarter (24.3%) of the total value of all products, whereas vehicles and machinery represents only 6.2 percent of this

total, garment 7.6 percent, and metals 8.1 percent, with all four branches together accounting for almost half (46.2%) of the total value of industrial production. These figures reflect a static view of the manufacturing sector in 1948. What about the directions of movement taking place within it? What changes in the composition of the industrial sector were taking place? What branches were experiencing relatively higher growth rates?

It appears that up until 1949 all branches were experiencing rapid growth rates. No branch or group of branches was outstripping the others to such an extent as to change the nature of the industrial sector in any dramatic way. Nevertheless, as might be expected, there are indications that the more dynamic, durable and capital goods producing branches of industrial activity expanded at a relatively faster pace during this period. Consider Tables 21 and 22 which continue to use "vehicles and machinery" and "metals" as representative of the durable and capital goods sector, while "garment" and "food processing" are taken as branches representing the light, non-durable consumer goods producing industries.

TABLE 21.--Relative dynamism of selected industrial branches between 1937-9 and 1946-7

Branch	Percent of Increase in Value of Products and Subproducts Produced
Vehicles and Machinery	109
Average of all Branches in Source	60
Metals	37
Garment	33
Food Processing	32

SOURCE: Based on series prepared by Carlos F. Diaz Alejandro, "Stages in the Industrialization of Argentina" (Buenos Aires: Instituto Torcuato Di Tella, 1966), using data from E.C.L.A., "El desarrollo económico de la Argentina," mimeographed version, (Santiago de Chile, 1958) from Jorge, p. 161.

The data in Table 22 focus on the most intense period of industrialization. They show the relatively faster growth rate of the Peronist years. Juan Carlos Esteban presents figures comparing growth rates for the period immediately prior to Peronism with those covering the Peronist years, which strikingly illustrate the trend under discussion. According to him "textiles" registered an annual growth rate of 11.8 percent for the 1937-45 period and their comparable figure for the 1945-55 period declined to 1.4 percent. Meanwhile, "metals" which had a negative annual growth rate of 0.1 percent for 1937-45, showed a positive one of 9.1 percent for 1945-55.[1] Thus in its commitment to lift all existing

TABLE 22.--Relative dynamism of industrial branches between 1946 and 1948

Branch	Percent of Increase in Value of Products and Subproducts Produced
Vehicles and Machinery	109
Metals	96
Garment	92
Average of all Branches in Source	60
Food Processing	28

SOURCE: Based on Ministerio de Asuntos Técnicos, Anuario estadístico, tomo III (Buenos Aires, 1949-50), p. 20.

[1] Esteban, p. 19.

restraints on industrialization, Peronism also further developed basic industries. To the extent that it did so, and especially with some of the plants run directly by the state, Peronism began to alter the nature of the manufacturing sector. Not however, fast enough to prevent this dual development from becoming a contradictory one.

The dual development of the industrial sector promoted by the FFYP can be characterized as follows: On the one hand, a sector comprised of relatively less efficient national industries nurtured behind protective barriers producing non-durable wage goods and owned and operated by a captain of industry type of national entrepreneur and, on the other hand, another sector consisting of relatively more modern plants producing durable consumer and capital goods using a more advanced technology. The latter branches operated under the direction of a managerial staff, many of whom already owed their positions to external economic groups and many more were later recruited into the orbit of industrial activity dependent on foreign interests. This groups of industrialists represented the core of what was to become the "'internationalized' national bourgeoisie."[1]

The distinction between these industrialists and the captain of industry type is important because of their potentially conflicting interests. During the period of the FFYP they both provided the bourgeois base for a nationalist ideology because, though resting on differing material foundations, their interests temporarily coincided. However, their divergent economic base propelled them to advocate differing and conflicting "nationalistic" policies when the conjunction of economic forces that could satisfy both sets of interests shifted.

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[1]Cardoso and Faletto develop this term, pp. 149-50.

The interests of both of these sectors within the national bourgeoisie, and those of North American and continental European capital, coincided in that they required the consolidation of the industrial sector and the expansion of the domestic market. Their interests did not conflict initially with the emphasis in Peronist doctrine and policy on expanding the national market by raising the acquisitive power of the producers, nor even did they disagree with the state's efforts to secure the market for domestic manufacturers by dismantling the control of foreign groups over the export-import trade. This coincidence was, however, transitory and limited to the conjunction of circumstances wherein the state succeeded in undermining the competing set of foreign and domestic interests and in expanding the economic pie. So long as the manufacturing sector and the domestic market were weak, the interests of the two sectors within the industrial bourgeoisie coincided and an alliance with the working class was possible; but as the economic forces in the industrial area began to grow within the framework of capitalist ownership, the contradiction in their divergent economic foundation became explicit.

Understanding the dual nature of the industrial development that took place in the thirties reveals the origins of the contradictions that arise from the class structures characterizing the more industrially developed Latin American nations today.[1] The sector which, in Marx's terms, operates with a higher organic composition of capital (more machinery per unit of labor) is by now almost exclusively owned by

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[1]This section paraphrases arguments developed by Frederick Stirton Weaver, "American Underdevelopment: An Interpretive Essay on Historical Change," in Latin American Perspectives 3 (Fall 1976), pp. 45-7.

foreign interests or the state, and produces mostly (durable and capital) goods for the upper income consumer market or inputs for making these goods. Private domestic capital is confined largely to smaller units, operating with a lower organic composition, which produce wage goods. The competitive market as an allocative and governing mechanism is important only for this latter sector, whereas the former thrives on monopoly conditions and depends heavily on centralized planning in which the state's policies play a crucial role. "The need for centralized direction is so strong that, as already in the case of late nineteenth century England, a liberal heritage is a marked drawback; the social and political decentralization crucial for economic growth in competitive capitalism is inappropriate for material advance when the organization of economic life changed."[2]

The fact that the dynamic industries are within the monopolistic sector explains to a large extent the unevenness of industrial development in Latin America, being characterized by stagnation of relatively low overall growth rates. Monopoly capitalism requires strong stimuli from extra-market sources and conscious coordination to avoid stagnation and, in contrast to competitive capitalism, does not contain the internal dynamics that lead to the compulsive drive to expand productive capacity and supplant the remnants of previous modes of production.

The duality of the industrial sector goes a long way in accounting for the failure of reformism in Latin America and of Peronism in Argentina. Given the fact that the modern, technologically sophisticated sector caters to the high income market and that there is a tremendous gap in the distri-

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[1]Weaver, pp. 46-7.

bution of income between the upper and lower strata, it becomes evident that Keynesian generalizations about marginal propensities to consume do not apply.

> Even slight changes in income distribution towards the poorest strata alters the composition of demand such that output from wage goods firms expand at the expense of profit and employment levels in large, modern firms. This shift of demand away from the more efficient to the less efficient firms disrupts established patterns, reduces average labor productivity and probably overall growth, and diminishes the incomes of the most powerful portions of the national and foreign industrial bourgeoisie and of the best organized segments of the working class . . . With the structure of the Latin American industrial sectors--particularly the need for high income markets in poor countries--reform politics breaks down under the tremendous weight of its own contradictions.[1]

These contradictions were contained in the forties, but in the fifties they underlay the gradual disintegration of the Peronist attempt to provide for economic liberation and social justice within the framework of national-capitalist development.

Given their larger scale of operation, it seems reasonable to assume that those branches of industry involved in producing durable consumer and capital goods employ a greater number of workers per plant. Given this correlation, the Industrial Census of 1948 provides additional confirmation of the dual character of the manufacturing sector of the period. It finds that firms with more than 500 employees occupied about one quarter of the labor force while the companies which had from 100 to 500 workers employed another 25 percent of the labor force. Hence, if we take the former category to correspond with the heavier, more modern, corporate-managerial type, and the latter with small to medium size, captain of industry type of enterpriese, we again obtain a more or less even distribution between the two.

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[1]Weaver, p. 47.

The juridical status of firms provides another way of conceptualizing dual development of manufacturing in the mid to late forties. Generally speaking, the Sociedad Anónima (S.A. or company whose stocks are traded on the Stock Exchange) tends to be a large corporation relying upon technologically sophisticated--i.e., high organic composition of capital--production and or distribution techniques. The other juridical forms are more likely to correspond with small to medium size, more labor intensive firms, often owner-managed. According to Juan Carlos Esteban, citing the Industrial Census for 1948, there was a fairly even split between the sector encompassed by the Sociedades Anónimas and all other juridical forms. The S.A.s employed approximately 36 percent of the labor force and produced about 46 percent of the total value of production for 1948. For the same time period, state enterprises employed about 8 percent of the workers and absorbed around 7 percent of production. Meanwhile, all other juridical forms took in about 56 percent of all workers employed but produced only 46 percent of the total value of industrial output,[1] reflecting their lower levels of labor productivity.

According to Esteban the stocks of 222 S.A.s were traded on the Exchange in 1947, seven years later, by 1954, their number had only risen to 275. In the following four years however, by 1959, their number had increased to 472.[2] Esteban identifies the activities of the S.A.s with the social sector Cardoso and Faletto term the "'internationalized' national bourgeoisie." Esteban uses the term "conciliatory bourgeoisie"

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[1]Esteban, p. 108.

[2]Ibid.

to indicate that their interests did not conflict with, and in fact were largely incorporated into the industrial complex dominated by foreign capital. The trend in the above figures shows that, though the process had clearly begun in the Peronist years, the accumulation and concentration of capital that gave the sector with a high organic composition of capital its preponderant weight within manufacturing, really did not gather steam until the late fifties.

Actually, the degree to which capital was concentrated during the Peronist period is a controversial question. There are those who, like Eduardo Jorge,[1] maintain that a low concentration of capital characterized the Peronist years. Others, like Juan Carlos Esteban[2] argue just as strongly that the opposite trend was prevalent: that there was a high degree of concentration of capital, and that the process of accumulation was increasing rapidly. It may be that this controversy in itself mirrors the dual nature of Peronist development. Neither position should be construed to exclude the other. Thus, while the manufacturing sector was characterized by a relatively low concentration of capital and there were Peronist policies that encouraged this tendency; it is also true that the process of concentration was taking place, particularly in the more dynamic branches, like the electrical and chemical industries, and that other Peronist policies reinforced this trend. To a large extent the argument can be resolved as a question of timing and relative emphasis. Thus while Peronist policies benefited both industrialists based on small, light industry and those connected to larger, more efficient facilities producing capital or durable goods, the former group was favored more up until 1950 and the latter's position enjoyed more

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[1] Jorge, pp. 169-89. [2] Esteban, for example on p. 107.

support after 1950. This shift is consistent with the priorities spelled out by the two Five Year Plans: the first emphasized protection of industries that had developed and expanded as a result of the favorable conditions arising from the World War, while the Second Five Year Plan emphasized the promotion of the capital goods sector.

Impact of the International Dimension

The policies contained in the FFYP of 1946-51 were officially designed to achieve independence from the domination of foreign imperialists over the economy. The FFYP's major concern was to protect industries that had sprung up just prior to, and during World War II. Not intending to alter the private ownership of capital and land, the FFYP nevertheless sought to increase consumer demand by using the state to pressure for higher wages. This expanded domestic market was to be satisfied by national industry thereby releasing foreign exchange for the purchase of commodities essential for economic development.

Perón once said:

> Give me the financial system--banking--, imports, exports, the overland and maritime transportation of my country; I'll give you the rest and still control the country. . . .
> Before we had to pay two and a half million a day in services on our foreign debt. Today. . . it no longer exists. The railroads represented two hundred million in services and dividends. Now they are ours. Today the telephones, gas, port facilities, grain elevators, hydroelectric services are in our possession. All this . . . in our hands permits us to follow our own economic policies to benefit our producers and consumers.[1]

The FFYP achieved its aims of increasing the productive output of national groups and of wresting control of decisive economic levers from foreigners because these goals accorded with the propitious conditions of the wartime

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[1]Peyrou and Villanueva, p. 245. Statement dated July 13, 1951.

period. The favorable export market for agro-pastoral goods resulting from the wartime conditions, the accompanying forced reduction of imports relative to exports which gave Argentina large trade surpluses and financial reserves, and the lack of competition from foreign producers, enabled the Peronist regime to temporarily liquidate Argentina's foreign debt as well as to substantially reduce the presence of foreign capital within the Argentine economy. As a result, Argentina was among the five nations in the world with the least per capita transfer of capital abroad in the 1947-53 period: $1.16 dollars per inhabitant in contrast to Venezuela's $74.85 dollars per capita, Canada's $20.80, Australia's $18.20 and Japan's $0.07 dollars per inhabitant.[1]

Those successes in the direction of economic independence were all the more remarkable in the context of pre-Perón Argentina whose economy Perón justifiably characterized as colonial. In 1940, according to George Blanksten,

> Fifty-five percent of the individual owners of industrial establishments in Argentina were foreigners, and at least twenty-eight percent of the corporate profits made in the country belonged to foreign holders. The principal activities in Argentina controlled from abroad included railroad transportation, meat packing, the production of tires, the development of electric power, assembling automobiles, the operation of subways and streetcars, the maintenance of telephone systems, and the production of quebracho extract, used in tanning leather.[2]

By contrast, according to Cafiero, during the 1946-55 period the presence of foreign capital was reduced to the point that it amounted to 5.1 percent of the nation's capital, foreign investments constituted only 3.1 percent of all investments made annually, and the service on these capitals and

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[1]From E.C.L.A.'s El desarrollo económico de la Argentina (Appendix VII, p. 294) as cited by Esteban, p. 86.

[2]Blanksten, p. 239.

investments absorbed a mere 1.5 percent of export earnings (which Cafiero says wenat as high as 66.2 percent of export earnings in prior years).[1]

The wartime years also saw the nationalization of foreign-owned utility companies: the British-owned Primitiva Gas Company which supplied the federal capital, U.S.-owned electric companies supplying power to Tucumán, Entre Rios, and Corrientes, the Buenos Aires telephone company, a subsidiary of I.T.&T., culminating in the acquisition of the English-owned railroad network in February of 1947. Considering the central role of the railroads in the United Kingdom's predominance within the Argentine economy, their nationalization represented the high point in the Peronist campaign for economic independence. Nevertheless it is important to note that the Peronist nationalizations were accomplished through more than adequate compensation. Most sources agree, for example, that the railroads were purchased at a price well above their value.[2] The regime could afford such generous terms because of the reserves that had piled up from the favorable wartime trade. "Argentina was . . . a leader in the wartime accumulation of gold and foreign exchange, adding $200 million to her reserves in 1944 alone and amassing a total reserve by March 1945 of $1.25 billion, or almost one-third of the entire foreign exchange holdings of Latin America."[3]

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[1]Cafiero, p. 338.

[2]According to Ed Daniels, "the British received $300 million above the real value." "From Mercantilism to Imperialism: The Argentine Case (Part 2)," NACLA Newsletter 4 (Oct. 1970), p. 12.

[3]David Green, The Containment of Latin America: The History of the Myths and Realities of the Good Neighbor Policy (Chicago: Quadrangle Books, 1971), p. 239.

According to Blanksten the railroad deal cost Argentine most of the assets she had accumulated in Great Britain. The United Kingdom was unable to liquidate the approximately $750 million worth of Argentine credits frozen during World War II. After lengthy negotiations the Anglo-Argentine agreement signed on February 13, 1947 "provided for the expropriation of the railroads in exchange for $600 million of Argentine credits already frozen in London."[1] Not only did the English owners receive very generous compensation, they also unloaded a progressively less profitable venture. The profitability of the railroads had been consistently declining. Before the world economic crisis they paid out 13.3 million pounds annually in profits between 1925 and 1929, by 1940-4 that sum had declined to 4 million pounds per annum. The interest on capital invested in the railroads went down from 5.3 percent in 1925-9 to 1.5 percent in 1940-4, while the corresponding percentages on other investments were 5.9 and 3.8 respectively.[2] Thus, Britain pulled something of a coup in unloading the railroads in 1947 in exchange for the mounting British debt. By then the railroads represented unprofitable and rapidly depreciating capital stock that had assumed burdensome proportions.[3] Moreover,

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[1]Blanksten, p. 241. [2]Skupch, pp. 35-6.

[3]It is interesting to note that in a meeting on June 14, 1945 between Sir Wilfred Eddy, a railroad director, and the then vice president Perón, the latter categorically rejected any interest on the part of the Argentine government in the purchase of the railroads since great amounts of the capital were needed for industrial development and "it would be folly to spend a large sum in the nationalization of something that was already in the country, that was rendering a service, and that was proving to be unprofitable." Carlos Andrés Escude, "The Argentine Eclipse: The International Factor in Argentina's Post World War II Decline," Ph.D. dissertation (Yale University, 1981), pp. 387-8.

the Mitre Law which exempted the companies from provincial taxation and restricted the national government to a three percent income tax, expired at the beginning of 1947. Even the English government considered the prospects for a deal involving the railroads to be almost utopian.[1] Yet, Argentina's bargaining position appeared more favorable than it was in fact. Considering that its sterling accounts were blocked and that the United Kingdom was unable and unwilling to provide the capital goods Argentina needed, the use of Argentina's credits to gain uncontested control over the internal transportation network was not as foolish as it might seem with the benefit of hindsight.

Given the railroads' role as a factor of economic domination, as an instrument that assured the hegemony of British interests within the Argentine economy, their nationalization had an importance that went beyond strictly business considerations. In one sense, British investors made a good business deal in disposing of the railroads, but in another sense it was bad business for the British presence in Argentina as a whole.[2] No government would have attacked such a key control lever as the railroads unless it also meant to decisively confront the Anglo-oligarchic connection as the basis for economic policy.[3] In fact, the volume taken up by the physical plant and facilities comprising the railroad network

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[1] Escude, p. 386.

[2] Recall that the British Ambassador in 1929 had stressed the importance of the railroads when he said:

> I look upon them as the mainstay, the backbone of our whole position out here. If they go, we all go. Their loss would be a death blow to us out here . . . .

Cited by Ford in Rock, p. 51.

[3] These observations are paraphrased from Esteban, pp. 98-9.

was considerable. According to Esteban it represented 38 percent of the foreign capital invested in Argentina in 1945[1] and, without a doubt, the major portion of the United Kingdom's capital in the Argentine republic.[2] But, of course, the Peronist regime paid dearly for the measure of economic independence it was able to achieve. Scobie estimates that the generous payments for Argentina's nationalizations absorbed 45 percent of the country's postwar foreign exchange.[3] The point to stress here is that Peronism could pursue such a cavalier approach in its campaign for economic independence, and yet succeed, because of the temporary weakening of the dependent relationships tying Argentina to the international economy.

The Peronist government has often been criticized for not carefully husbanding the country's hard-won reserves and using them only in areas needed to sustain industrial development after the advantageous conditions had evaporated. Instead, it is maintained, the regime squandered them much too quickly and too easily on show-case nationalizations and the purchase of capital stock at inflated prices. The nationalizations and liquidation of the foreign public debt "had the beneficial effect of reducing the servicing charges of foreign capital from about $170 million to $10 million a year." However, echoing one of Raul Prebisch's critiques, Eshag and Thorp continue: "It is not clear that an even greater saving of foreign exchange could not have been effected by using the equivalent

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[1] Esteban, p. 78.

[2] According to George Blanksten, British investments in Argentina were valued at $1,287,005,000 in 1940, and these "had fallen to approximately $17,300,000 by 1952." (p. 241.)

[3] Scobie, pp. 224-5.

amount of foreign exchange for investment in such import-replacing industries as petroleum and steel; in the years 1946 to 1948 annual fuel imports alone averaged about $100 million."[1] Though essentially correct, this is one of those criticisms that is conveniently made ex post facto. Indeed, as we will see, the regime tried precisely the course suggested above with its Second Five Year Plan (SFYP), but by then the dual development promoted by the FFYP made this an even more difficult goal to achieve.

Referring to the practice of using up Argentina's reserves to purchase equipment, even at inflated prices, Perón justified his government in an article authored by him under the pseudonym of "Descartes." He noted that at the end of the war the United States owed Argentina a considerable sum, which it blocked. According to "Descartes," since no interest was payed on this sum and prices were manipulated, Argentina's credit evaporated in half. Nothing could be done about that then and, moreover, "if we complained, they told us we were Nazis." Then, threatened by continuing evaporation of its earnings, the government hastened to spend them in dollars.[2] Perón argued that this was a wise policy in view of the inflationary spiral which increased the prices of goods and the difficulty of obtaining these goods at all because of the United States' blockade.[3]

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[1] Eshag and Thorp, p. 8.

[2] The article entitled "This is the Way the Devil Pays" was published on October 11, 1951. It was one of a series which appeared in the Buenos Aires newspaper Democracia between Jan. 1951 and Sept. 1952 signed by Descartes. It was known that Perón was their author. These arguments appear in Peyrou and Villanueva, p. 308.

[3] Ibid., p. 314 from the article titled "The Other Side of the Coin II."

The United States' boycott of the Argentine economy began in February of 1942 and ran with varying characteristics and intensity until 1949. In March of 1942 the Board of Economic Warfare began refusing licenses to U.S. exporters wishing to sell electrical equipment and chemicals to Argentina. The blockade was tightened during 1944. On September 4, Secretary of State Cordell Hull telegraphed his revised export program for Argentina:

> a) With the exception of projects directly contributing to the war effort no Argentine development project will be approved.
> b) Operational equipment used in connection with the production of petroleum products and boring and oil field equipment, as well as all other types of petroleum equipment, shall not be exported. The exports of fuel oil shall be limited to the minimum amounts necessary to assure the continued services of Argentine tankers in transporting vegetable oils to the United States.
> c) The export of automobile vehicles, railway locomotives or rolling stock is forbidden.
> d) No further increase in the number or value limits of products exportable to Argentina under general license shall be permitted.
> e) Exports to the Argentine Armed Forces and supplies and materials for the Argentine armaments industry are forbidden.
> f) The export of Fourdrinier phosphorous bronze screens suitable for the production of newsprint is forbidden.
> g) Through navicert control or other appropriate devices an endeavor shall be made to obtain similar reductions in exports to Argentina by other countries.
> h) The quarterly issuance of licenses for the export of all products not otherwise limited herein shall be restricted to the requirements of those industries in Argentina whose products are essential to the Allied war effort. . . . It is desired that the foregoing changes be accomplished with a minimum of publicity. No announcement will be made here, and it is expected that Central Bank certificates of necessity issued in accordance with existing procedure will continue to be accepted, and then screened closely against the above stipulations. No intimation of the change should be given the Central Bank. The foregoing program will be presented by the Department to the British with a request that they adopt similar restrictions.[1]

At the same time efforts were made to deprive Argentina of strategic materials not supplied by the United States. The State Department suc-

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[1] Escude, pp. 332-3.

ceeded in preventing the export of Bolivian tin and Brazilian rubber, as well as substantially reducing Chilean copper exports to Argentina.[1] In this way the United States blocked vital supplies, such as tires and fuel, from reaching Argentina thereby disrupting industry and transportation even to the detriment of Argentina's being able to meet commitments to provide critically needed food shipments to Europe.

In the postwar years the United States used its foreign policy and its dominant international position to further harm the Argentine economy. In 1947 the United States adopted a policy of preventing European food procurements in Argentina with Marshall Plan dollars. The Economic Cooperation Administration (ECA) which administered the Marshall Plan, used its power to systematically undermine Argentine interests. A secret and extremely revealing State Department document of January 25, 1949, described thirty-three instances of ECA discrimination against Argentina.[2] For example:

*Advising the Army that because it had been decided not to make any purchases from Argentina, it was immaterial that Mexican meat was more expensive.
*Recommending to the Swedish Foreign Office, contrary to an agreement between Sweden and Argentina, that trade between them not be balanced and that Argentina be forced to pay in dollars.
*Advising Paris to insist on US prices for Argentine exports sold for soft currencies without offering any assurance that European exports, selling far above US prices, would be offered to Argentina at US prices.

Such discriminatory measures in addition to the British declaration of sterling inconvertability in August of 1947 (at the urging of the U.S. State Department) deprived Argentina of desperately needed dollars. These were the external factors that were primarily responsible for the failure of Perón's FFYP.

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[1] Escude, pp. 336-7. [2] Ibid., pp. 406-12.

While the United States had made European recovery possible with the Marshall Plan, Argentina was subjected to the exact opposite. During the war years and into the mid forties, materials and inputs needed for development were withheld and then, in the late forties, Argentina was cheated out of the foreign exchange reserves it had accumulated. The U.S. saw to it that Argentina was deprived of the dollars that would have alleviated the financial plight imposed on Argentina. By 1950 the financial prosperity Argentina had managed to salvage, despite the boycott, was wrecked and Argentina symbolically capitulated when it was forced to apply and accept a 125 million dollar loan. To make things worse, the Anglo-Argentine connection had been irrevocably severed.[1]

> In 1947, only one country--the US excluded but the Empire included--exported more to the UK than Argentina, this number rising to two in 1948 and three in 1949--still normal rank orders. But in 1950 Argentina was already down to number 6 in British imports, in 1951 down to number 12, and in 1952 further down to number 18. From 1912 until 1950, Argentina had never been below fourth place, and very seldom that low, in British imports. Similarly, in British exports, Argentina fell from number two non-Empire importer in 1947 and number three in 1948 and 1949, to number 11 in 1950, number 13 in 1951, and number 16 in 1952, a position never before heard of in modern Argentina and that would be all too common in the years to come.[2]

A new era had commenced.

Given the United States' power in the immediate post World War II years and its tenacious determination to subordinate Argentina, Perón's shortcomings did not lie in the manner he confronted the external pole in the relationships of Argentine dependency. The steps his regime took in its quest for economic independence represented about all that could have been accomplished. The Peronist government manipulated to its greatest

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[1]Extrapolated from conclusions drawn by Escude from his analysis, pp. 413-4.

[2]Ibid.

advantage those structures of Argentina's foreign trade over which it had some measure of control. Take, for example, I.A.P.I. which was set up as a state agency to negotiate the best terms possible in the sale of rural produce overseas. Its monopoly was meant to counter that of the successor to the Combined Food Board set up by the Allies during the war to avoid competition and thus obtain the lowest prices for agricultural products.[1] I.A.P.I. was able to obtain price increases on the international market outstripping production costs in Argentina, the surplus being primarily shifted to industrial producers. The United Kingdom, which continued to be Argentina's major market, consistently paid the United States more for frozen beef, mutton, and wheat than Argentina received in 1946 and 1947. However, Argentina was able to obtain better prices for these goods than either Australia or Canada. From this Fodor concludes "that the price obtained by each country depended mainly on its bargaining strength" and that "Argentina had used all its bargaining power, but not having the position of strength of the U.S., it could not obtain similar prices. It is highly unlikely that any other Argentine government would have obtained similar prices."[2]

Minimizing Argentina's financial dependency was another successful aspect of the Peronist program for economic independence. Even though the regime's inability to set in motion an autonomous process of industrialization soon undid this success, it was nevertheless a remarkable achievement--not duplicated since then--to have slowed the public and private outflow of capital to a trickle. Moreover, in nationalizing the railroads

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[1]This analysis follows Fodor's in Rock, beginning on p. 155.

[2]Ibid., pp. 156-7.

which were such a key part of the nation's transportation network, Peronism undid one of the principal means promoting Argentina's dependency on foreign purchasers and suppliers. In addition, to undercut Argentine dependence on foreign shipping--particularly the English who used their "rule of the seas" as yet another way of cutting into Argentina's profitable trade with the U.S.--Perón succeeded in building the Argentine State's Merchant Fleet into one of the fastest growing merchant marines in the world. "It carried 27.8 percent of the nation's entire foreign trade in 1950, and the U.S. Maritime Commission reported the following year that the Argentine merchant marine was then ten times larger than it had been in 1936."[1] Finally, the Peronist emphasis on industrialization, meant to break Argentina's dependence on imported manufactured goods, proved at least partially successful.

Conclusions

In covering the rapid industrialization and the more equitable distribution of income that took place in the forties, this chapter examined the two areas wherein Peronism realized its greatest achievements. The analysis dealt with factors that made these achievements possible and with their interrelationship.

The rapid industrialization of these years was possible because of the conjuncture of favorable internal and external conditions. Externally, wartime conditions proved favorable for the Argentine economy. There was an increased demand for traditional exportables and very little that could be imported which resulted in the accumulation of foreign ex-

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[1] George Blanksten, p. 243. Blanksten notes that in his May Day message to Congress in 1950, Perón reported that only about seven percent of the nation's seaborn foreign trade had been carried in Argentine bottoms as late as 1946.

change and reserves; and there was the lack of competition from foreign manufactured goods which enabled Argentine manufacturers to expand their market. Internally, the aftereffects of the world-wide depression had left the traditionally dominant groups in disarray and thus facilitated sectoral and social redistributive efforts benefiting industrial development.

We saw that though the content of Peronist policies represented a continuity with those of the prior period, the policies of 1943-50 increased the magnitude of industrial activity to such an extent that qualitatively new sets of relationships arose. As the scope and intensity of the manufacturing sector expanded, the quantitative impact resulted in these interrelated qualitative changes:

1. The traditional subordination of industrial development to the requisites of maintaining agricultural production as the economy's foundation was reversed; surplus derived from the rural sector was now applied in raising manufacturing to the predominant form of economic activity
2. Directly counter to previous policies designed to benefit British interests, Peronism dismantled the infrastructure of England's hegemony within the Argentine economy
3. The predominant forms of economic activity shifted from being oriented to providing external markets to being oriented to the internal market

In looking at the nature of the industrialization taking place during this period, the data analyzed showed that the First Five Year Plan promoted a dual, potentially contradictory, development of the industrial sector. The upcoming chapter examines the importance of this factor in the next stage which shaped the outcome of the transitional process under consideration.

This chapter noted that the Peronist state filled a vacuum resulting from the bourgeoisie's failure to play a dynamic part in developing the forces of production. The Peronist state acted as a surrogate for a weak, non-self conscious national bourgeoisie and implemented a program serving its interests. The result was a tendency towards state capitalism. Though not apparent for the duration of the favorable conjuncture within which Peronism came to power, the Peronist state acted as a functional instrumentality of the national bourgeoisie in fundamental contradiction to its social base. The discussion of Peronism's class base utilized Kenworthy's analysis which essentially portrayed it as a labor/military coalition. The military acted as the national bourgeoisie's substitute with its influence decreasing after the 1946 elections and that of the representatives of local industrialists rising correspondingly.

One of the paradoxes encountered in this chapter was the fact that despite the regime's implementation of an industrializing program benefiting the national bourgeoisie, most bourgeois sectors remained either hostile or at least cool toward Peronism. One possible explanation may have been the proximity of the dominant sector of the industrial bourgeoisie to the landowning oligarchy which would also account for the seemingly paradoxical espousal by the latter of the industrializing policies of the thirties.

Opposition from the traditionally dominant groups made it necessary for Perón to promote and rely on massive popular mobilization. Peronist doctrine appropriated the populist-nationalist critique. Its inclusiveness and multi-class orientation were well suited and served Perón in his mass mobilizing efforts. This strong point in Peronist doctrine arose from its conjunctural congruence with the transitorily beneficial factors

for the Argentine economy. The importance of analyzing the Argentine variant of populist-nationalism of the period lies in that it provided Peronism with its class orientation and its programmatic direction.

Peronist policies functioned effectively in preventing class struggle over the distribution of wealth, brewing from the thirties and bound to intensify in the expansive economy of the forties, from spilling from the sphere of circulation to that of production. The promotion of manufacturing without altering the relations of production revealed Peronism's essentially bourgeois nature. The regime remained reformist, an outgrowth of socio-economic currents and accumulated grievances that found fertile soil in the favorable circumstances of the forties. The strength of Peronist doctrine lay in that it allowed the regime to promote capitalist growth while also being able to contain its accompanying contradictions.

But Peronism's strength was also its weakness. Though the policies flowing from an orientation confined to the sphere of consumption accorded well with the conditions prevailing through the forties, the very successes of an anti-imperialist but not anti-capitalist program blinded the regime to the shortcomings inherent in its approach. As the analysis in the next chapter shows, the limitations arising from the use of the state and popular mobilization as "pressure," choosing to influence class relations indirectly rather than restructuring state power on a class basis in order to alter the relations of production, proved decisive in determining the nature of the succeeding developmental model.

CHAPTER V

PERONISM'S LIMITATIONS, 1950-5

Introduction

Chapter 5 analyzes the Peronist period as the height of the transitional process leading away from the externally oriented growth pattern of dependency. In outling this study's theoretical framework, I noted that shifts occurring during the culmination of a transitional process prove determinative in shaping the contents of the next stage. Hence changes taking place during such periods offer the key to narrowing down possible outcomes of the process.[1] This aspect of the theoretical framework is applied in the analysis that follows.

Chapter 5 analyzes the internal and external factors of the fifties responsible for the reversal of Peronism's successes achieved in the forties. Around 1949 Argentina's favorable international position began to deteriorate. European postwar recovery and competition from North America in the industrial area had an increasingly adverse impact after that date. In this process, the United States' economic boycott of Argentina played a key role. This boycott included the refusal to supply Argentine industry with badly needed inputs as well as the Marshall Plan's policy preventing the procurement of agricultural goods from Argentina. Compounding these external difficulties, Argentina's agro-pastoral sector experienced some of the most severe droughts on record between 1950 and 1952. As resources available to the government shrank, the limitations

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[1] See pp. 15-23, and especially pp. 15-8 and 21-3.

in its policies became clearer. The type of industrialization promoted in the forties, and the regime's doctrine that inspired its policies, proved decisive in consolidating the relationships underlying the pattern of dependent industrialization taking shape in the fifties.

Chapter 5 explores the hypothesis that import substituting industrialization within a capitalist framework and in the context of an underdeveloped capital goods sector shifted the traditional pattern of dependency to a new one based on external sources for machinery and technology. The changing relationships between internal and external groups that this shift gave rise to were themselves but a stage in the transitional process that culminated in domination of local production by multinational corporations and domestic monopoly capital. The analysis shows how Peronist doctrine's stress on inter-class cooperation facilitated the development of a dependent industrial economy. Not only did the regime leave the economic base of its enemies intact, but it also narrowed its options because of the hesitancy to use its popular and working class wing for the decisive confrontations which an alternative developmental strategy would have required at this stage. Furthermore, by opting to maintain the capitalist rather than the socialistic side of the relationships implicit in its 1943-50 policies, Peronism reinforced the transformations that were critical in determining the nature of subsequent developmental patterns.

The analysis finds that Peronism's shortcomings did not lie in the steps the regime took to confront the external pole in Argentina's dependent relationships. In nationalizing the agricultural export structure and the internal transportation network, in increasing Argentina's control over the external transportation network, in liquidating

the nation's public debt, and in decreasing its reliance on consumer goods manufactured abroad, Peronism attacked those mechanisms over which it could exercise control. Peronism's shortcomings arose from the regime's failure to extend its campaign for economic liberation to the internal pole in the relationships determining Argentine dependency. This chapter shows how the limitations in the Justicialist program became apparent once the external factors over which the Peronist regime could not exercise control changed from having a beneficial impact on the Argentine economy to having an adverse one. The hypothesis I explore maintains that if Peronism had moved against the base for dependency within Argentina's class structure, a different outcome would have resulted from the transitional process.[1]

The Crisis of the Fifties

The impact of the shift in international conditions affecting Argentine development began to be felt from 1949-50 on. This demarcation point also corresponds roughly with the end of the FFYP which ran from 1947 to 1951. European postwar reconstruction and especially the protective barriers that provided the foundations for Common Market agricultural production led to declining exports and a depletion of Argentina's foreign exchange reserves. This made it increasingly difficult to pay the costs for Peronist social reforms and maintain the availability of easy credit for consumer goods producing industries. The regime's immediate response to this burgeoning crisis was to restrict imports. However, given the FFYP's orientation towards industrialization, curtailing imports could not be taken too far without further aggravating the crisis since this would

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[1] It will be recalled that dependency theory as formulated by Cardoso and Faletto draws our attention to the internal base on which dependency rests. See pp. 4-5 and 10-3 above.

force local industry to reduce production. Due to the advantageous conditions of the forties, the FFYP had been able to develop the branches producing manufactured consumer goods without having to resort to forceful appropriations to promote the capital goods sector. This would most certainly have led to conflicts and thus was contrary to Peronism's objective of achieving social harmony. As a result the capital goods sector remained underdeveloped. In the fifties therefore, reducing imports meant reducing the raw materials and capital goods needed for production. Indeed, the decline in the demand for Argentine exports in conjunction with the substantial increases in the cost for imported machinery and industrial goods[1] had a severe impact: the nation's capacity to import fell by almost 50 percent from 1948 to 1952. "Except for the year 1951, imports declined steadily and steeply from 1949 to 1953, by which time the volume of imports was less than half what it had been in 1948."[2] The impact on industrial production was devastating: "By 1952 industrial production had slumped almost back to the level of 1946."[3]

It was the changing impact of these factors on the international scene, over which the regime had no direct control, that brought the contradictions within Peronism to the surface. After the Second World War the international terms of trade consistently worsened for Argentina. As Argentina industrialized, it came to depend ever more on imported machinery

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[1]Taking a base of 100 for 1950, the terms of trade between farm and industrial goods for 1948 were 117.6, while for 1952 the equivalent figure had dropped to 73.1. Cited by Rock, "The Survival of Peronism" in the volume edited by him, p. 190.

[2]Eshag and Thorp, p. 11. [3]Rock, p. 190.

and parts which were scarce and whose prices rose faster than those Argentina could obtain for its agricultural goods. Argentina could only sell rural commodities to Europe but, with the devastation of the war, Europe could not pay or provide the industrial products Argentina needed. Only the United States could, but the United States would not buy from Argentina.[1] Moreover, the situation worsened as Europe recovered from the war and rebuilt her agrarian sector. Thus, for example, while Argentina supplied 35 percent of the world's exports of beef in the 1945-9 period, that percentage dropped to 18.9 for the 1950-54 period.[2] This decline occurred in spite of the fact that in response to the favorable climate during the war and its aftermath for meat exports, Peronist policies shifted resources in the countryside from wheat and cereal to beef production.[3]

In relation to its exports of wheat and flour, Argentina was being constrained not only by the growing vitality of Western European agriculture, but also by increased competition from the United States and Canada which harmed Argentina's position as a major supplier of these commodities on the world market. In the five pre-World War II harvests between 1934-5 and 1938-9, the United States contributed 4.15 percent and Canada, 25.6 percent of the world's exports in these commodities.[4] By con-

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[1] These points are from Fodor in Rock, pp. 149 and 150.

[2] Figures are cited in excerpts from Felix Luna's Argentina de Perón a Lanusse, 1943-73 serialized in the Buenos Aires newspaper Clarín, Jan. 18, 1973, p. 8.

[3] See pp. 225-6 above.

[4] From United Nation's F.A.O. Annual for 1951, Vol. 5, 2nd part, p. 13.

trast, for the six post-World War II harvests between 1946-7 and 1951-2, the United States held 49.2 percent and Canada 29.7 percent of the total world-wide exports.[1] For the 1951-2 harvest, both countries combined accounted for 87.7 percent of the world's exports in wheat and flour.[2]

To these factors of external origin, one must add the contradiction posed by the Peronist internally oriented growth model based on export. As an unavoidable outgrowth of Peronism's populist-nationalism, it further inhibited Argentina's ability to secure the foreign exchange with which to obtain the capital inputs so critical to continued industrial expansion. Recall that the Peronist model was based on the expansion of the domestic market to be achieved by increasing the acquisitive power of the producers. One of the immediate results was the steady rise in the internal consumption of foodstuffs.[3] Some estimates place the internal demand that had to be satisfied at 60 percent of the nation's total food production before the Second World War; by 1952 more than 80 percent of the total was consumed internally.[4] This trend obviously had a negative effect on the volume of agro-pastoral goods for export. Though it instituted some controls--one meatless day per week, for example, and asked for voluntary abstinence--a regime which based its legitimacy on populist-

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[1]According to the Corn Trade News published by The Times of Argentina (Buenos Aires) in the Dec. 1952 issue.

[2]Quoted by Frondizi, 1: 176-8, who also cites the above data on world-wide wheat and flour exports.

[3]Tables 16 and 17, on pp. 227 and 228 respectively, confirm the increasingly internal orientation of rural production during the Peronist period.

[4]Daniels, p. 6.

nationalism could ill afford to deprive its popular base in order to raise earnings abroad.

The inability to obtain needed capital goods, both as a result of insufficiently developed local production and the declining volume of rural exports which reduced the financial base for the importation of machinery, equipment, fuels, and raw materials, led to a decline in the productivity of the manufacturing sector. With the contraction in the accustomed rate of economic growth, it became impossible to satisfy consumer demands. And with the decline in the acquisitive power of the workers the circle was completed, for this contraction of the domestic market spelled disaster for the hundreds of marginally operating enterprises that Peronism had fostered in its ascendency. In brief, it was no longer possible to provide both increased profits for capitalists and rising real wages for workers--the formula that made or broke Peronist populist-nationalism.

Looking at Peronism as the culmination of the transitional process, the trends described here reveal the contents of the emerging developmental pattern. As an expression of the contradictions within the emerging pattern, these trends were manifested with more frequency and greater intensity as the pattern of dependent industrialization was consolidated from the late fifties on. The basic contradiction already contained in the developmental program of the SFYP can be expressed as follows: a) an internally oriented growth model based on manufacturing <u>founded</u> on b) an agro-exporting sector; in the context of 1) external dependency and 2) capitalist relations of production internally. The dynamics in this contradiction found expression in the cyclical trend of economic growth that characterized the development of the Argentine economy in the post-

1955 period. Oscar Braun provides a paradigm of this cyclical growth trend.[1] Its essential characteristics are:

1. A fixed volume of agro-pastoral production
2. An internal demand for agro-pastoral products not responsive to variations in relative prices but sensitive to changes in the distribution of income
3. A demand for imports inelastic with respect to changes in relative prices and with a high elasticity in relation to changes in the volume of industrial production
4. Exports concentrated on non-industrial products

In its ascendent phase, the cycle is marked by a deterioration in the balance of payments. It results from the decrease in agro-pastoral exports which, in turn, comes about through the increase in the volume of industrial production. The latter leads to real wage gains which produces a rise in the internal demand for agro-pastoral goods and thus cuts into the volume available for export. As the crisis develops, the Central Bank's reserves shrink leading to a stabilization plan which includes devaluation and restrictive fiscal and monetary policies. In the end, there is a transfer of income distribution towards agricultural producers and high income brackets. This produces a lower demand for industrial products which leads to a slackening of the internal demand for agro-pastoral goods. Falling demand for manufactured goods reduces investments in the industrial area. The slowing of industrial activity in turn, lowers the importation of capital goods and thus the equilibrium in the balance of payments is reestablished. The conditions are now given for a repetition of the cycle.

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[1] Oscar Braun, "Desarollo del capital monopolista en la Argentina" in El capitalismo argentino en crisis (Buenos Aires: Siglo Veintiuno Editores, 1973) edited by him. The paradigm is adapted from pp. 19-21.

Returning to the increasingly serious crisis the Peronist regime faced in the fifties, it is important to note how much it was exacerbated by the critical need to replace worn-out capital stock which had been systematically depleted due to the difficulty of obtaining it overseas (as a result of the upheavals in the international system from 1930 on, including the impact of the depression, World War II, and the U.S.'s economic blockade.) "It is estimated that the dollar value of imports of machinery and vehicles in 1938 was only about half and in 1945 about one-tenth of what it had been in 1929."[1] The FFYP primarily expanded industries producing non-durable consumer goods. The prior depletion of capital stock and the insufficient development of this sector therefore necessitated vast increases in the importation of capital goods during this period. According to Cafiero, a yearly average of 153.8 thousand tons of vehicles and machinery were imported between 1935-9. The ravages of the war took this figure down to 48.1 thousand tons per year in 1940-5. However, 1946 saw the imports of vehicles and machinery jump to 129.8 thousand tons, which increased to 430.2 tons in 1947, and to 611.8 thousand tons in 1948. Significantly, more than half of this amount, 328.9 thousand tons, came from the United States alone.[2] By 1949 Argentina had depleted the reserve accumulated during the wartime years which had made this restocking of capital goods possible. Hence, when these favorable conditions on the international scene deteriorated, there was no way to avoid the resulting crisis.

Having experienced the impact of the crisis resulting from the changed international conditions for two years, the Second Five Year Plan (SFYP) which took effect in 1953 and only ran half of its course by the

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[1] Eshag and Thorp, p. 5. [2] Cafiero, p. 56.

1955 coup, represented the regime's progammatic response to this emerging crisis. The SFYP specifically addressed those contradictions implicit in the FFYP which had not become problematic until the favorable context deteriorated. "The socio-economic priorities in the sponsorship, promotion, and state support of industrial productions were listed as follows:

> 1) the production of energy, 2) agro-pastoral activities, 3) exploration and exploitation of mineral reserves, 4) the maintenance and reequipment of existing installations, 5) transportation and communications, and 6) housing.
> The industrial priorities as such, the actions related to industrial promotion, will be adjusted according to the following order: 1) iron and steel, 2) smelting, 3) aluminum, 4) chemicals, 5) mechanical engineering, 6) electrical engineering, 7) building and construction, 8) forestry, 9) textiles and leather, and 10) food products.[1]

Strikingly, the branches of manufacturing that had been prime beneficiaries under the FFYP, such as food processing and textiles, were now placed at the bottom of the government's list of priorities. With the SFYP, economic policy makers recognized that the limits of import substituting industrialization producing consumer goods had been reached and that the critical need for continued industrial expansion lay in the development of heavy and capital goods industries.

In his study Juan Carlos Esteban discerns a substantial financial commitment to the capital goods sector on the part of the Perón government and a dramatic contrast with its immediate successors in this area. According to him, thirty percent of all credit in 1954 was extended to industries producing machinery and vehicles which, he states, amounts to a

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[1] Cámara de Senadores de la Nación, Diario de sesiones, Dic. 20, 1952, 41a Reunión (continuación de la Primera Sesión Extraordinaria), p. 823.

reorientation of economic policies after the 1952 depression.[1] Assuming a close correspondence between the capital goods sector and high organic composition of capital, larger concentration of capital, and bigger plant size, then related findings emerge from a study conducted by Jorge Katz.[2] Katz compares the relationships between production, productivitiy, growth of the labor force, and wage trends, before and after 1952. He concludes that after 1952, middle and small enterprises stagnated while large, capital intensive undertakings showed significant increases in productivity and profits and were therefore able to grant wage increases. These finding corroborate a central thesis analyzed in this study: the shift from an orientation in the FFYP favoring an emerging national bourgeoisie based on producing non-durable wage goods, to one in the SFYP beneficial to the sector with a higher organic composition of capital which was to be the locus for the penetration and eventual control of industrial activity by multinational capital.

The new conditions of the fifties no longer corresponded with those which had made the alliance between an emerging national bourgeoisie and the workers viable for the forties. As this alliance became increasingly unviable and the contradictions implicit in the FFYP became explicit, the industrialization envisioned by the SFYP represented a substantial readjustment. The interests of the small to medium size national industrialists were no long the primary focus. Instead, the SFYP shifted its

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[1] Esteban, p. 66. He cites figures which show that financial policies for the immediate post-coup years were designed as a kind of punishment for this sector.

[2] Jorge M. Katz, "Características estructurales del crecimiento industrial argentino 1946-61" in Desarollo Económico 7 (July-Sep. 1967).

emphasis onto the capital intensive side of the dual industrialization taking place, and sought to promote the sector requiring a high organic composition of capital. The crisis situation exacerbated the social consequences of this policy shift and these therefore conflicted all the more severely with redistributive, social justice commitments the FFYP had expressed. Previously, consumer aspirations had been promoted with much fanfare as the visible manifestation of the regime's ties to the masses; now they were checked in order to stimulate capital accumulation.

I.A.P.I.'s changed role represents another fundamental shift brought about by the regime's response to the crisis of the fifties. I.A.P.I. was now used to provide the landowning oligarchy with subsidies, hoping in this way to enhance output from the rural sector. In addition, a larger volume of agro-pastoral goods was to be freed for export by restricting domestic consumption through freezing wages and raising prices for these goods. Again this penalized lower income sectors and ran directly counter to the policies of the prior period. Moreover, the SFYP placed more emphasis on better economic performance and higher productivity of workers in the industrial arena than on the social justice the FFYP had emphasized. This was consistent with the trend that had been taking shape since 1949, which had been designated the "Year of Productivity."

Reflecting Perón's shifting relations to the oligarchy, in 1952 the government granted landowners their first substantial price increases since 1946 and liberalized farm credits. Moreover, the fifties also saw a major policy shift towards attracting foreign investments. Indicative of this reversal, Milton Eisenhower, brother of the president of the United States, received an enthusiastic and warm welcome in July of 1953 and Perón spoke of his friendship with the United States.

Most workers considered these shifts during Perón's second term to be contrary to their interests. Perón had led them to believe that the interests of labor were identical to those of the nation. The policy changes of the fifties seemed to contradict this congruence.

> The industrial workers resented not only the decline in real wages, but also the favoratism shown the agricultural sector of the economy, the invitation to foreign capital to invest in Argentina, and the development of more friendly relations with the United States. . . . By and large, the workers went along with these programs, but this was because of their personal loyalty to Perón. They did not fail to notice that participation in what they thought were anti-labor programs reduced them to one among several influential elements in society, whereas formerly they believed they had been the most important representatives of the Argentine nation.[1]

The regime's new relationship with workers had been incrementally forged in the prior period during the years of prosperity after Perón was firmly in power. From 1946 on, the more independent union heads were replaced by bureaucrats distinguished by their loyalty to the ruling couple.[2] Union officials tended to act more as the regime's representatives to the workers than as representatives of the workers conveying the proletariat's interests to the government, as earlier leaders with a strong rank and file base had done. By 1950 an Extraordinary Congress of the CGT was convened which modified the statutes of the organization to adhere officially to Justicialism as its doctrine and to Perón as chief of the movement. However, it must be noted that this was not achieved by manipulating unrepresentative leaders; on the contrary, the years of systematic material gains experienced under Perón up to that point, made the

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[1]This quotation and above text summarize Samuel L. Baily's perceptive analysis in the chapter entitled "Perón Abandons the Workers' Nation" found in his Labor, pp. 142-3.

[2]Waldmann makes these points on pp. 209-10. Recall also the earlier discussion on the dissolution of the Partido Laborista after Peróns' elections and Perón's success in capturing the top leadership of unions on pp. 205-7 above.

workers quite receptive to this move. It merely represented an institutionalization of the immense loyalty and affection the workers felt for the Peróns. At the same time, it is undeniably true that the cooptation of the CGT's officialdom served to undercut the organization's availability to workers to register their disenchantment over the worsening conditions of the fifties.

The regime's relationship towards the workers began to shift as conditions on the international scene worsened. Up until 1949 workers and unions on strike or in conflict with management could always count on neutrality, if not benevolent intervention, from the authorities. Until that time the government paid no attention to employers' complaints about absenteism or lack of productivity. After 1949 the government seemed to intervene increasingly against workers and on the side of employers in strikes and, significantly, undertook a propaganda campaign against laxity in work discipline and for increased productivity. The government's decreasing support for workers was reflected in the fall of their real wages and in the decline of their participation in the distribution of wealth between 1949 and 1952. According to Clarence Zuvekas, average real wages decreased 3.4 percent in 1950, 7.5 percent in 1951, and 11.4 percent in 1952.[1] Similarly, Javier Villanueva shows that after the upswing from 1946 to 1949, the real income of industrial workers declined. Taking an index of 100 for 1950, total real payments per hour in industry (which includes fringe benefits, allowances, etc.) increased from 67.2 in 1946 to a high of 102.5 in 1949, declining to 90.4 for 1951 and 82.1

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[1]Clarence Zuvekas, "Economic Growth and Income Distribution in Postwar Argentina, Inter-American Economic Affairs 20 (1966): 27.

for 1952, then rising again to 90.6 for 1953 and 98.9 for 1954.[1]

The immediate crisis seems to have peaked by 1952 and the economic picture for Argentina showed signs of a slight recovery towards the mid-fifties. Real wages for workers rose again and the inflationary process slowed down between 1952 and 1955. According to Cafiero, the 1952 cost of living index for the Federal Capital stood at 579.3, 1943 representing a base of 100. By September of 1955, this index had reached 689.7, a 19 percent increase over the three year period, or about 6 percent per annum. In the same time period, the gross income per inhabitant, which had fallen to 3,382 Argentine pesos in 1952, rose to 3,568 pesos in 1955, a 12 percent rise over three years.[2] However, in spite of this slight recovery, the impact of the earlier crisis was more lasting; the programmatic readjustments made to respond to it remained in force and were decisive in orienting the nation's economic life.

Programmatic Readjustments of the Fifties

What were these readjustments and how were they decisive? This is the key question addressed by the analysis in this chapter. The answers must be sought by considering various economic aspects in the determination of social structure. It is therefore important to emphasize the discussion here on the regime's changing relationship to the workers. This discussion involves one of the principal hypotheses examined by this study: in taking those tentative programmatic steps which moved it in a direction away from the workers from 1949 on, Peronism exercized a key

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[1] Javier Villanueva, The Inflationary Process in Argentina (Buenos Aires: Instituto De Tella, 1966), p. 75.

[2] Cafiero, pp. 140-1.

choice which affected its subsequent programmatic choices and was therefore a decisive factor in shaping the outcome of the transitional process.

The theoretical model followed by this study stresses that a particular historical period contains within it the relationships that subsequently become determinative. Hence policies reinforcing relationships among certain social groups or strengthening certain aspects of the social structure, narrow down the range of patterns likely to emerge as dominant at the next stage. Thus the steps which led Peronism away from a programmatic orientation which would have been closer to its working class base were implicit in the regime's policies prior to 1950, particularly those that strengthened capitalist relations of production. It is within this context that one should understand the Congreso Nacional de Productividad y Bienestar Social convened in Buenos Aires in March of 1955. A precursor to the short-lived Gran Acuerdo Nacional presided over by the Peronist government of the seventies, this congress brought together delegates from the CGE and CGT--respectively, the employers' and the workers' organization--under the slogan of producir, producir, producir. It represented the most clearly corporatist effort undertaken by the regime.[1]

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[1]Significantly, the Central Organizing Committee convening the Congress was composed of an equal number of delegates from the C.G.T. and the C.G.E. In its call for the Congress, the Central Committee stressed the need to increase productivity and went on to state that no people's organization is in a better position to bring this about than the two organizations participating most directly in the process of production. They bring together the two basic factors in raising productivity: the capabilities of the workers on the one hand, and the economic and technical means on the other. In a speech before the Congress, José Gelbard, then president of the C.G.E., added a third element: "the worker who must incessantly adapt his capacities to new requirements, the entrepreneur who must continually be adapting the organization of the enterprise according to the needs of the hour, and the state which must always stand ready to assist in providing the equipment needed for production." Cúneo, pp. 208-9. See note on Gelbard below.

In one sense it was quite consistent with and flowed from Peronism's populist-nationalist doctrine, yet in another sense it was not the only conceivable outcome of Peronism's relationships to the working class up to 1949.

Peronism's populist-nationalist thrust during the FFYP period was expressed in the regime's policies which aimed to provide the basis for cementing a class alliance between workers and national industrialists. When the changed conditions of the fifties made this an increasingly difficult formula to carry out, the regime was under pressure to choose one of two opposing programmatic directions, both of them arising from the policies of the 1943-50 period. On the one hand, the regime could have chosen to deepen the process of national liberation it had set in motion with its program for economic independence. At this point, continuing the struggle against dependency would have led Peronism into a socialist direction. Economically, this path would have necessitated the expropriation of the landed oligarchy and the key industrial monopolies, while increasing the state sector of the economy. Politically, it would have meant sharpening the class struggle, giving leadership of the process to the working class base of the movement, and purging it of careerists and opportunists. It would also have required transforming the armed forces into popular militias. In general terms, this line was associated with Evita just before her death. Though these conclusions clearly go beyond Peronist doctrine and were not favored by Perón, they are neverthe-

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In 1973 José Gelbard became Perón's Minister of Economics. As a self-made industrialist he represented a continuity in Justicialism's populist-nationalist orientation towards the national bourgeoisie and, at the same time, Perón's final futile attempt to bring about a program for the construction of a viable national capitalism.

less not inconsistent with elements of Peronism's practice up to 1950. It is important to note this programmatic direction for two reasons. First, it underlines the significance of the shift away from the workers after 1949. Secondly, this line was resurrected in the late sixties as Peronism's "true" meaning and provided the ideological basis for Justicialism's mass appeal.

A major reason for the survival and later revival of this "socialist" thread within Peronism was that the regime's response to the emerging economic crisis was not an unambiguous one. To have pursued either programmatic direction implicit in the 1943-50 formula head-on, clearly and directly, would have resulted in very heavy social and political costs. Perón sought to avoid these, relying on his genius to keep otherwise warring factions within the fold by making each believe it was the the true object of his concerns. He postponed a decisive reckoning which, in the end, proved even more costly. Nevertheless, even though incrementally and with much vacillation, by attempting to resolve the contradictions of the prior period within capitalist relations of production and thus placing the burden of "development" onto the workers, the SFYP revealed the programmatic direction of the regime's intended socio-economic readjustments.

Even if introduced with some ambiguity and vacillation, the direction indicated by the policy readjustments of the fifties proved decisive. Referring to the set of guidelines framed in 1949-50 which took hold with the SFYP in 1953, Kenworthy states:

> Particulary with regard to agriculture, but also affecting organized labor, this change was pronounced enough to warrant being called a reversal. Many of the new policies adopted in 1949-50 were followed, at least in general outline, by subsequent administrations. Writing

> in 1962, the Argentine economist Aldo Ferrer frequently commented on policies pursued "since 1950," taking no note of Perón's fall from power in 1955.[1]

Others, too, date the decisive shift for the Argentine economy to 1949. In their analysis Eshag and Thorp describe it as "measures aimed at restraining domestic demand and providing price incentives to the export sector of the economy"--in other words, attempting to revive Argentina's traditional role within the world economy. "The shift of emphasis from governmental intervention and controls to a reliance on the operation of the price mechanism and on demand restriction continued throughout the period, culminating in the International Monetary Fund Stabilisation Programmes implemented over the years 1959 to 1963." They label this approach "orthodox economic policy" and attribute Argentina's current problems to it. By locating it to the changes introduced from 1949 on, they trace the beginning of Argentina's contemporary difficulties to that date.[2]

This interpretation of Peronism also stresses the decisiveness of the shifts undertaken by the regime after 1949. However, it diverges from those who point to 1950 as a turning point in that it does not see the changes occuring quite so abruptly. The theoretical model applied here, by focusing on the social relations promoted through economic policy, attempts to go beneath surface manifestations and trace these changes as they were developing within the relationships fostered with the policies of the prior period. However, it should be noted that these shifts remained implicit within the populist-nationalist formula up to

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[1]Eldon Kenworthy's Ph.D. dissertation, p. 61.

[2]Eshag and Thorp, pp. 3-4.

1950, became gradually more explicit after the crisis of 1950-2, and were not pushed to their full potential until after the ambiguities and encumbrances of populist-nationalism were removed from power in 1955. Moreover, this was not the only possible outcome contained in the earlier policies. Therefore, to understand why the transitional process moved in the direction of dependent industrialization, the analysis focuses on the determinative shifts as these began to unravel with the impact of the policies of the fifties.

The policy shifts encompassed in the SFYP reordered the class alliance that had been expressed in the FFYP's policies and thereby intensified contradictions that resulted in the coup ousting Peronism from power in 1955. The FFYP's foundation had been the alliance between the industrial proletariat and bourgeoisie at the expense of the agro-exporting sector. In the fifties, the SFYP began to formalize a new relationship between bourgeois sectors. The embryonic alliance encompassed in the SFYP both expressed the increased complexity in the social structure, and in turn further reinforced the growing weight of the bourgeois sectors based on capital intensive production. This new alliance therefore revolved around bourgeois sectors involved in the production of durable and capital goods as well as the landowning oligarchy, at the expense of urban workers. Lower wages, it was hoped, would compensate for increased production costs resulting from the higher prices of imported capital inputs. On the other hand, lower incomes meant a reduction in the domestic consumption of food goods thus allowing more to be exported which, in turn, would provide the exchange needed to import vital capital

goods.[1] Peronism did not definitively break its ties to the workers, this emerging programmatic thrust was not fully carried out until after Perón's overthrow.

Nevertheless, the four major programmatic shifts which proved decisive in defining the outcome of the transitional process were already discernable in the SFYP. They were:

1. Shifting the cost of development onto urban labor
2. Giving priority to heavy and capital goods industry
3. Promoting rural production under oligarchic ownership and
4. Increasing the role of foreign capital in Argentine economic development

In the first place, the cost of development was shifted increasingly from the surplus generated by the rural sector to that created by urban labor. Moreover, it followed from the fact that economic policies were formulated within the framework of the private ownership of the means of production and the profit motive as the economic propellant, that the gains of the entrepreneurial class were not held back while those made by the workers in the period of presperity were reversed.

Secondly, the SFYP gave priority to the development of the nascent heavy and capital goods industries. The Peronist government began to understand that without a developed sector producing means of production, its quest for the economic independence of Argentina would remain an elusive goal. Even under the best of circumstances, a concerted effort at developing the sector producing means of production poses serious problems and difficulties. For Argentina this was made even more difficult

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[1]These points are made in Rock in his article on "The Survival of Peronism," in Rock, p. 192.

because it was the undeveloped state of this sector that provided the United States with a handle for exercising its dominance. It was the policy of the United States government to preserve that situation. In a telegram to the U.S. Chargé D'Affairs in Argentina on February 3, 1945, the Secretary of State expressed it as follows: "Export of capital goods should be kept at present minimum--it is essential not to permit the expansion of Argentine heavy industry. . . "[1]

To the external difficulties one must add the internal ones. Developing a sector producing capital goods requires amassing very large concentrations of capital. This would have been problematic enough at the time of the FFYP; in a period of economic contraction these difficulties were compounded even more. As suggested above, the Peronist regime met this problem through an attempt to extract more surplus from the industrial proletariat, enforcing higher productivity and providing less recompense. However, hampered by its populist-nationalism, the regime pursued this course with a great deal of ambiguity. Though delaying for longer or shorter periods, the Peronist government usually responded favorably to pressure from organized workers. Certainly, Perón's government never exercised the kind of brutality against workers that later military dictatorships employed. Nor, for that matter, in spite of all the accusations of fascism and totalitarianism, did Perón's regime ever subject its political opponents to the kind of repression later governments levelled against Peronists.

In addition to extracting surplus from the workers, the other source lay in the agrarian sector. This brings us to the third of the determinative shifts in policy responding to the deterioration of the

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[1]Quoted by Fodor in Rock, pp. 159-60.

favorable international context after 1950. In this area too, there were two possible programmatic directions contained in the populist-nationalist practice of the forties. On the one hand, given its anti-oligarchic stance, the regime could have expropriated large landed property. In view of the deterioration in the terms of international trade and the inappropriateness of Peronism in squeezing surplus from workers, the further expansion of the internal market was an essential step if there was to be any advance in the sector producing means of production. A comprehensive agrarian reform was the only means through which the domestic market could be immediately enlarged. Expropriating the oligarchy undoubtedly entailed heavy political risks and would have forced the regime to rely on class mobilization and militancy so intense that it very likely could not have been contained within populist-nationalism. On the other hand, the programmatic direction Perón embarked on had political costs which, though perhaps not as immediate and direct, were severe enough to result in his overthrow.

After 1950, Perón chose to promote the agrarian area under oligarchic ownership as the way to enhance Argentine exporting capacities. Given its commitment to the private property framework and the social relations of capitalism, in order to promote the productivity of the agrarian sector, the regime had to win the oligarchy's trust. Thus, from 1949 on, the state provided technical help and made special financing available for the purchase of farm machinery. In a step that clearly indicated which programmatic direction the state intended to pursue in the area of social relations of production, the regime lifted its regulations which had prohibited the help of family members in field work (child labor and superexploitation of women). Further, to promote rational planning, the

state set in advance the prices it committed itself to pay for rural goods. Finally, in the last years, I.A.P.I. was transformed from an institution which skimmed off surplus from the agrarian sector to one which subsidized agricultural production.[1] This transformation indicates how far-reaching the reversal in the policy shifts of the fifties was. "Guaranteed farm prices and retail food prices were raised in successive stages. By 1953 these measures had raised the price paid to the farmer for wheat to 2.5 times its level in 1948, while food prices had more than tripled."[2]

Hence, the shift towards promoting the oligarchy's material interests, translated concretely into erosion of gains that had accrued to the workers in the prior period. For its part, the Sociedad Rural publicly expressed its appreciation for this shift. Referring to the SFYP, the president of the SRA wrote in an open letter to Perón:

> It gives us great satisfaction to express to the President the Republic our active agreement with the direction that the implementation of said plan will lead to, and we can be sure that we are not only expressing our personal point of view but that of the members and Board of Directors of the Sociedad Rural Argentina. We are certain of being faithful interpreters of the thinking of the great mass of the nations's agro-pastoral producers, among whom we have already detected the positive sentiments produced.

The letter goes on to enumerate reasons for approving the SFYP:

> The policies announced on the question of expropriation will calm and reassure owner-producers whose support is fundamental in the process of production, and it means their greater efforts to perfect it with the introduction of improvements on their property and equipment.
>
> The policy of setting positively encouraging prices will largely neutralize high production costs and undoubtedly bring about larger crops.

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[1] On this point see Di Tella and Zymelman, pp. 241-2.

[2] Eshag and Thorp, p. 11.

> The elimination of limitations restricting the labor of family members and the possibility for the producer to mobilize his own resources according to the rhythm of his crops, will give producers the greatest satisfaction.[1]

However, it must be noted that in spite of the regime's promotion of the oligarchy's material interests and the latter's public stance moving closer to Peronism, the oligarchy did not abandon its enmity toward Perón and its opposition was in fact instrumental in his overthrow. Thus, in retrospect, it is not at all clear that the economic, social, and political costs were any lower than if Peronism had moved programmatically in a socialist direction. The regime was unable to win over bourgeois sectors opposing it while it probably succeeded in dampening the enthusiasm of its working class support, which historically has been closely related to the rise and ebb of Peronism's political fortunes.

Turning to the fourth shift expressed in the policies of the fifties which determined the contents of the emerging developmental pattern, let us examine the role of foreign capital. On the one hand, the SFYP reaffirmed the orientation in the FFYP which sought to loosen Argentina's dependent economic ties to Europe and North America by strengthening relations with Latin America. The SFYP formulated it as follows:

> The foreign commerce of the country in relation to the Latin American nations will be guided by the recognition of the overriding need to complement the national economies in a mutual manner . . . with the aim of achieving the economic defense of Latin America.[2]

This approach remained an important component of Perón's foreign policy.

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[1] From the Anales de la Sociedad Rural, April of 1952, as cited by Cúneo, pp. 216-7.

[2] Cámara de Senadores, p. 833.

Efforts were made to create a South American economic union. In 1953, the "Act of Santiago" was signed which set forth the foundations for an economic union with Chile: creation of a mixed commission to oversee the process, gradual lifting of customs barriers, exchange of products and financial resources, etc. That year Perón convinced his friend Alfredo Stroessner of Paraguay and Anastasio Somoza of Nicaragua to subscribe to the principles of the agreement. Shortly thereafter the Chancellors of Argentina and Ecuador signed a similar act in Quito which specifically referred to the Santiago Act. The following year the Bolivian government signalled its agreement to the principles enunciated in Santiago. However, though specifically invited to, the governments of Uruguay, Perú and Brazil refused for different reasons and the "economic union" never got much beyond the stage of principles.[1]

While the SFYP committed Argentina to building economic links to Latin America as a means of countering dependent economic relationship to more advanced industrialized nations, immediately after the clause cited above comes the following, whose implementation undid Peronism's achievements in the direction of economic independence:

> It is the permanent objective of the Nation to favor the international exchange of technical knowledge and to stimulate the entry of productive capital that desires to cooperate in the economic development of the country.[2]

Clearly, the implication of this commitment for the flow of Argentina's economic relations is that these would not develop in the direction of other Latin American countries but would rather be predominantly oriented to more

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[1]For a brief discussion on "the Act of Santiago" and subsequent developments, see Ciria's Perón y el justicialismo, pp. 164-6.

[2]Cámara de Senadores, p. 833.

industrialized nations. The above statement is quite consistent with, and represents the cornerstone of, the policies promoted by the desarollistas following Perón's overthrow. As we shall see, once those populist-nationalist elements in the Peronist program which contradicted dependent industrialization were removed from the scene, the process of linking Argentina to the industrialized world assumed particular intensity.

Like their counterparts in today's Third World nations, the Peronist laws on foreign capital sought to achieve the contradictory aims of, on the one hand, stimulating and attracting the entry of foreign capital, while regulating it and protecting national capital on the other. Thus Law 14,222 of 1953 attempted to protect the interests and status of national capital while also providing benefits to foreign capital in order to attract it. In essence it declared foreign capital equal to national capital under the law. That is, once established in the country, it was subject to all national laws, regulations and privileges. The executive was authorized to waive customs and duties on capital as it entered the country. A maximum return of eight percent could be repatriated annually and the principal could not be touched for at least ten years, after which it could be repatriated at ten to twenty percent per annum depending on the agreement reached at the point of entry.[1] In the two years this law was in effect it attracted $512,232,780 dollars of which $8,197,146 went into the automobile industry.[2] In view

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[1]Paraphrased from Felix Herrero, Aspectos legales de la promocion industrial en la Argentina (Buenos Aires: Instituto Torcuato De Tella, 1962), p. 96.

[2]Ibid., p. 90, 73 percent of the total was of U.S. origins, followed by 14 percent from Germany.

of the subsequent importance of this sector and of the role of U.S. based multinationals within it, these initial investments were of obvious strategic value.

After the removal of Peronism's populist and nationalist encumbrances, the laws on foreign capital became much less restrictive and regulatory. For example, Law 14,780 placed no limitations on repatriation except those stipulated in the original agreement allowing entry. The contradictory nature of Law 14,222 was lessened as the concern became less with protecting national capital than with attracting foreign capital.[1] By 1964, foreign investments totalling $535,999,924 dollars had been approved with the United States accounting for 58.8 percent of this amount, followed by Switzerland with 10.2 percent.[2]

Another example of the ambiguity in Perón's shift towards foreign capital is presented by the controversial negotiations over concessions to award Standard Oil. Argentina had the distinction of possessing the oldest state owned oil company on the continent--the Yacimientos Petrolíferos Fiscales (YPF). When word leaked out in 1955 that the Perón government had been engaged in talks with a foreign oil company that would break YPF's monopoly, Perón's anti-imperialist supporters were outraged. This outrage is often cited as one of the factors producing disillusionment amongst the Peronist rank and file at the critical time before Perón's overthrow.

Antonio Cafiero, who had been the Minister for Foreign Commerce between 1952 and 1954 and Commerce Minister in 1954-5, includes an interesting Appendix in his book,where he records the substance of responses

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[1] Herrero, pp. 105-6. [2] Ibid., p. 107.

to questions directed at Alfredo Gomez Morales--who had been Perón's Minister of Finances and Secretary of Economic Matters--by fellow inmates while they were both in prison after the 1955 coup. Gomez Morales justified the contract with California Argentina de Petroleo because no international agency would finance YPF's explorations. Argentina did not produce enough to meet its needs and the idea was to expand local production. The foreign company was required to sell to the YPF refinery and would thereby be unable to make inroads into the domestic market which, according to Gomez Morales, was really what the multinationals were after.[1]

Once again, what emerges here is the assigning of a greater role for foreign capital in Argentina's development as the Perón government's response to the crisis of the fifties. The regime attempted to bring in foreign capital, but also to regulate it and protect national capital, in this case YPF. It proved difficult to maintain these contradictory aims. Peronist militants were unhappy with what they perceived as compromising Argentine sovereignty, and foreign firms felt cheated of the rewards for their investments. Result: one more link in the chain leading to the coup that removed one of populist-nationalism's conflicting poles.

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[1]On another occasion Alfredo Gomez Morales differentiated the Peronist approach to foreign investments from that of its desarollista successors, notably Rogelio Frigerio's "open door to foreign capital" under president Frondizi's administration. The proper approach, according to Gomez Morales, was to proceed investment by investment, with great care for details. Otherwise, book increases in capital rather than real business would be attracted. Tariff and exchange protection would be required.

> It is necessary to attract foreign capital, but also to act with great perspicacity, thinking that foreign capital will not come here as a benefactor; on the contrary, it will extract from the country all that it can. It is a question of finding conditions so that it can come to do business, yes, but dirty business, no. . . "

(Cited by Randall, p. 235.)

Indirect to Direct Dependency: The Transition From British to U.S. Hegemony

International Context

In looking at the process involved in undermining the hegemony of the United Kingdom's interests within the Argentine economy and their eventual replacement by United States interests, we may begin by considering the impact of the Second World War in the reordering of positions within the international system. Recall that the "British, who controlled approximately 60 percent of the foreign investments in Argentina, had long been accustomed to treating that country as a species of sixth dominion in their economy."[1] Wartime conditions seriously eroded the United Kingdom's position as a world power and also undermined its dominant role within Argentine economic life. We saw that an analogous situation had developed in the previous major disruption of the international system during the Great Depression. In contradistinction with the policies of the thirties which attempted to salvage Argentina's economic ties to Great Britain, Peronist policy-makers deliberately set about to ensure that England would not again emerge as the major power in Argentine economic life.

World War II hastened the decline of the British Empire and led to political independence of former possessions and economic independence for Argentina which, in turn, accelerated the Empire's irreversible dissolution. By itself, Argentina breaking out of the international network controlled by the United Kingdom, played a considerable part in the disin-

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[1] George Blanksten, pp. 239-40.

integration of Great Britain's position as a world power. For example, Juan Carlos Esteban cites figures[1] that show a decline of some 400 million pounds sterling in British foreign investments from 2,400 million in 1945 to 2,000 million in 1953. During this period Argentina nationalized the railroads which according to the same source, by themselves accounted for 150 million pounds sterling.[2] Though the exact magnitude of the figures involved may be controversial,[3] there can be no doubt of the prominence of the railroads in determining the relationship between foreign interests and the specific types of economic activities prevailing at the time.

It is worth reiterating that the measures dismantling the infrastructure of Britain's hegemony within the Argentine economy constituted one of Peronism's most impressive achievements. The final departure of the United Kingdom's presence was not a necessary outcome. Another group in power might have lacked the courage to attack the United Kingdom's position, or it might have chosen to foster and reinforce a different set of relationships which could have revived England's presence in the Argentine economy or at least preserved a minimal role for English interests.[4]

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[1] From Eugenio Varga's Problemas fundamentales de la economía y de la política del imperialismo.

[2] Esteban, pp. 77-8.

[3] Esteban maintains that the railroads amounted to 38 percent of all foreign investments in Argentina in 1945. For a more detailed discussion of the financial aspects of the nationalization, and also of the progressive aspects of the nationalization in view of the railroads' function in assuring a dominant role for foreign capital, see above on pp. 250-3.

[4] Skupch, pp. 68-70 makes this point and also provides a good summary of the conditions leading to the deterioration of British hegemony within the Argentine economy and the ascent of U.S. interests, and of Peronist measures dismantling England's presence.

Of course it is true that Peronism acted in a conjuncture in which Britain's power had been weakened considerably. The point, however, is that Peronism chose to take advantage of the situation.

Just how much the international situation strengthened Argentina's hand in the wartime years can be seen in a dispatch England's Prime Minister Winston Churchill directed to President Roosevelt of the United States. The context was that the United States had tried to get the United Kingdom to use its influence in Argentina, assuming Britain's economic position as a lever, to prevail upon the new government that came in with the G.O.U. coup to break its realations with the Axis. In their response, the English made it clear that it was Argentina that possessed leverage.

> If the Argentine beef supply were cut off, Churchill asked, how are we to feed ourselves plus the American Army for 'Overload' (the Normandy invasion. . .) The joint examination by the Combined Boards in Washington of the supply aspects will show you how much these people have us in their hands. An immediate cessation of the Argentine supplies, our Chiefs of Staff consider, will disrupt military operations on the scale planned for this year. . . .Before we leap, we really must look. We can always pay them back when our hands are clear.[1]

In punishment for Argentina's insistence on maintaining her status as a neutral, the United States also worked hard to isolate her within Latin America. Because of Argentina's strength at the time, the campaign did not prove to be as successful as the United States had hoped. Being closely tied to the Argentine economy, Chile, Bolivia, and Paraguay felt they could not afford to abide by the United States' request that they

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[1]Cited by David Green (Memo by Hull of conversations with the British Ambassador, Jan. 23, 1944 in Folder 216 Hull MS.) in his The Containment of Latin America: The History of the Myths and Realities of the Good Neighbor Policy (Chicago: Quadrangle Books, 1971), p. 155. The analysis presented here follows that found in this excellent book.

break their relations with Argentina. "Major Villarroel, the Provisional President of Bolivia, had told a U.S. Embassy staff member that 'if Argentine retaliation were aroused, Argentina could totally starve Bolivia out in thirty days, due to Bolivian dependence on Argentine food supplies." Within days "Under Secretary of State Stettinius told Hull that the Paraguayan Ambassador in Washington had warned that 'his country was completely under the domination of Argentina economically and that his Government had no choice on the question of recognition.'"[1] A few months later, in August of 1944, President Roosevelt imposed economic sanctions on Argentina. "Four hundred million dollars of Argentine assets in the United States were frozen, exports of steel and chemicals curtailed, and Argentine ports declared off-limits for U.S. shipping. The blow was blunted by London's refusal to go along."[2] England too, was dependent on Argentine supplies. That year, two fifths of all Argentine exports, principally meats, were destined for British markets. In spite of this offsetting pressure, the United States' sanctions were sufficient to aggravate Argentina's serious problems in obtaining inputs needed for the rapid industrialization underway. In March of 1945 Argentina declared war on Germany and Japan. Shortly thereafter the United States lifted its economic sanctions and recognized the Farrell government.

The hostile posture adopted by the United States State Department toward the principals in the 1943 coup solidified and entrenched the positions of those among them with more overt axis sympathies. The U.S. ac-

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[1](Woodward to Hull, La Paz, Mar. 6, 1944, in 835.01/ 210; memo from Stettinius to Hull, Mar. 9, 1944, in 835.01/ 271, both in DSA, NA) in Green, p. 157.

[2]Kenworthy's Ph.D. dissertation, p. 198.

tions reinforced the already strong anti-British feelings prevalent among nationalist circles at the time. In this context it took some courage on Perón's part to declare war on Germany. Even pro-Allied sentiment did not approve of a declaration of war on an already defeated enemy. In spite of its unpopularity, Perón faced this step resolutely because he understood the necessity of keeping Argentina within the U.S. mainstream of the post-War world. To a Uruguayan journalist Perón declared:

> Our little country is not suspended in space as our nationalists would like to believe, but an integral part of a world undergoing transformation. We must advance with the tide if we do not want to sink.[1]

Initially the United States opposed the architects of the 1943 coup on the grounds of their Axis sympathies. However, as events unfolded and Perón began to implement his policies, the fundamental reason for the attempt at isolating the new regime became the potentially far-reaching implications of social revolution for the rest of Latin America contained in the developing Argentine model. It was not so much that Argentina represented a potential industrial competitor, although this factor undoubtedly played a role. Mexico and Brazil, with their more developed heavy industrial sectors represented a more immediate economic threat and yet they were not singled out as targets with the vehemence that Argentina was in U.S. foreign policy at the time. More important was the fact that in 1945 Argentina seemed to present "a clear portent of the dawning of a new day in Latin American political economy and socio-economic relationships."[2]

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[1]Cited by Luna, El 45, p. 17 (my translation). Luna also makes interesting observations surrounding Argentina's declaration of war around pp. 24 and 54-5.

[2]Green, p. 240.

United States policy makers were unhappy about "the new day" that seemed to be taking shape in Argentina. They did not appreciate the international implications of Perón's "Third Position" foreign policy and found his aggressive pursuit of economic independence particularly irksome. Already in 1945 "Perón was playing off the industrial countries against each other as they bid for the Argentine markets." For example, he "was negotiating an agreement with the Swedes for purchase of agricultural machinery, in direct violation of the United States-Argentine oilseed agreement, which contained exclusive machinery supply provisions scheduled to run through 1946."[1]

Perón's mobilization of the working class as the social base for his regime and the potential for upheaval and disruption of ongoing social relations must have presented an even more threatening picture for the United States' position in Latin America. Thus, for example, statements like Perón's reply to a 1945 manifesto against the new regime signed by virtually all Argentine business, industrial, and banking associations, to which Perón responded confidently by saying "that he now had enough forces in the regular army and 'in that other Army of labor' to put down any insurrection"[2] must have caused apprehension within State Department circles. Serious consequences for the social groups on whom the United States' presence in Latin America depended would result if other regimes like Getulio Vargas' in Brazil were also to threaten working class mobilization against bourgeois sectors.

However, there was disagreement within the State Department on just how much of a threat the Argentine model really represented and on whether the attempt to isolate the Peronist regime was the most effective

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[1] Green, p. 245. [2] Ibid.

response. Apparently, Nelson Rockefeller, then Assistant Secretary of State for Latin American Affairs, was the chief advocate for the position of winning Perón over from within rather than antagonizing him further. For this Rockefeller was relieved of his duties on August 25, 1944.

> State Department official Carl Spaeth privately told a member of the U.S. Embassy staff in Buenos Aires that Rockefeller had been "blown through the roof" of the State Department by the public attacks of two major newspapers...The (N.Y.) Times and the (Washington) Post, Spaeth said, felt that Rockefeller had aided the forces of Argentine fascism by his overenthusiastic support of the Farrell-Perón regime at the San Francisco Conference of the United Nations.[1]

In the long run however, as David Green also notes:

> the tactical approach which had been worked out in the spring of 1945 by Nelson Rockefeller, Senator Vandenberg, and other like-minded policy-makers ultimately carried the day. Perón was to be wooed--and won. The fly-swatter approach had not worked; there was nothing left but to try the flypaper.[2]

With this approach United States policy makers achieved their aims in a relatively short time span.

Peronist Policies

Peronist policies delivered the final blow to the hegemony of British interests within the Argentine economy. The measures which systematically undid the foundations for the United Kingdom's domination included the nationalization of the railroads and utilities, state monopoly over agricultural export structures, creation of the Central Bank, and expansion of the state merchant marine to the point that it effec-

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[1] According to a memo of a conversation, in Washington, between Carl Spaeth and Charles Burrows of the Buenos Aires Embassy staff (June 24, 1946, in Messersmith MS), Green, p. 244.

[2] Ibid., p. 254.

tively cut into profits realized in overseas transportation.[1] Seen in the context of a long process of decline in Britain's hegemony, these measures represented the definitive culmination of that process. With these steps the Peronist regime prevented any possibility of even a partial resurgence for English interests through economic policy, as had been the case in the thirties. The Argentine case thus presents a critical episode in the reordering of the relations defining the international system.[2] It was a key component in the process of global transformation from a system based on Britain's position in the international division of labor as "the world's workshop" to the new world order centered around the North American multinational corporation, a process which reached its climax in the post World War II era.

The policies mentioned here directly attacked the structures upon which British hegemony was founded. Other policies, those which promoted industrialization, indirectly aided the predominance of United States based multinationals by hastening the development of the infrastructure on which their presence rested. The experience of the twenties had

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[1]As a part of its campaign to isolate Argentina economically, the United States made a concerted effort to attack the expansion of the Argentine merchant marine. In a memorandum in August of 1947, the State Department's Division of American Republics Affairs states:

> Argentina is actively attempting to build up a merchant marine through a system of preferences and discriminations. By virtue of its newly acquired position as a creditor nation, Argentina is exerting extreme pressure in countries requiring loans of foodstuffs to include a shipping clause in agreements covering such needs whereby each country shall take necessary measures to assure that the transportation of merchandise originating in that country shall take place preferably in vessels of the two contracting countries on an equal fifty-fifty tonnage basis. . . . Our policy should be to aggressively attack methods used by Argentina in the way we have been doing, and particularly watch the sales of ships to avoid furnishing Argentina with the means with which to implement this discriminatory policy.

Escude, p. 385.

[2]Recall discussion above on pp. 292-4.

already shown the differential effect resulting from the growth of manufacturing activity: it was advantageous for U.S. interests while it impacted adversely on the interrelationships underlying the Anglo-oligarchic connection. Hence, though it certainly was not their intended aim, Peronist policies which pushed import substituting industrialization based on producing consumer goods, expedited the conditions that ultimately led to the hegemony of United States interests within the Argentine economy.[1]

We saw that Peronist industrializing policies did not represent a fundamental departure from previous efforts and that, indeed, their substance represented a continuity with the industrialization sponsored in modifying the externally oriented growth pattern in the thirties. Peronism departed fundamentally from its immediate past in the quantity of industrialization it promoted. It was a case of quantitative change leading to qualitative changes. The very fact that manufacturing replaced agriculture as the nation's predominant form of economic activity meant a shift in Argentina's relations with external groups determining the direction of economic life for the next stage.[2]

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[1] These points summarize the conclusions of Skupch's analysis on the decline of the United Kingdom's hegemony over the Argentine economy.

[2] See pp. 231-3 above for data showing the reversal in the positions occupied by manufacturing and agriculture as the predominant forms of economic activity. Daniels (Part II), p. 11 shows that this relationship prevailed during the next stage.

Percentages for Sectors of Economic Activity of Gross Internal Product at Factor Cost and 1960 Prices for Selected Years

	1955	1957	1960	1962	1963	1964
Agriculture-livestock	19.9	17.4	16.8	16.4	16.8	16.8
Manufacturing	30.3	32.0	32.4	32.3	32.0	33.7

SOURCES: Based on data published in the Yearbook of Current Accounts for 1955 and 1957. For other years the Annual Report of the Central Bank.

As we saw the corollary to import substituting industrialization based on production of consumer goods was a tremendous rise in the demand for capital goods. Daniels summarizes the impact on the importation of industrial goods: "Imports of manufactured goods [i.e., consumer goods] diminished significantly (from 39.1 percent to 11.8 percent of the total imports between 1945 and 1952), while imported capital goods rose from 13.3 percent to 41.5 percent of the total imports between 1945 and 1950."[1] This increase betrayed the fact that local producers were unable to meet the sharply heightened demand for machinery and equipment resulting from the rapid growth of manufacturing. Development of the capital goods producing sector would have required massive concentrations of capital, whether from foreign or domestic sources. Obtaining capital through foreign investments was not a realistic option as long as wartime needs consumed the economies of the advanced industrial nations. Moreover, it ran counter to Peronism's quest for economic independence in the immediate post-war era, though as we saw, this was one of the significant shifts that took shape with the readjustments of the SFYP. On the other hand, mobilization of local capital and utilization of foreign exchange reserves cut into the consumer goods producing sector's ability to complete the circuit necessary to its reproductive cycle. In other words, capital used for the immediate purposes of replenishing capital inputs, would instead have had to have been diverted for investment into developing means of production for producing means of production.

Though clearly insufficient to meet the demand for machinery and equipment, basic industries controlled by the state and private groups nevertheless developed under Peronism. Herein lies a fundamental difference

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[1] Daniels (Part II), p. 6.

between the industrializing effects of previous regimes and Peronism's accomplishments: while the industrialization of the thirties was largely confined to light industry producing non-durable consumer goods, its further expansion under Peronist auspices caused spill-over into the more rapid development of the capital goods oriented sector. This represents another manifestation of the dynamic of quantitative change leading to qualitative changes.

However, this argument should not be pushed too far because despite the rapid development of the capital goods producing sector and of the sector with a higher organic composition of capital generally, this expansion was still far from adequate to free industry from dependence on foreign suppliers. This dependence played a vital part in the movement from an indirect to a direct form of dependency. The lack of a developed capital goods sector is key to this analysis of Peronism as the culminating transitional stage in the process from an externally oriented growth pattern to a dependent industrial economy.

Tripartite Trade Pattern as the Transitional Form: Indirect to Direct Dependency, I

The model of dependency theory applied in this analysis stresses shifts in the predominant combination of national and foreign interests as decisive in shaping the outcome of a transitional period. The favorable wartime conditions and the independence enjoyed by the Peronist state from both foreign and national economic groups highlighted one aspect and obscured another of the shift taking place during this period. Peronism's nationalist and anti-imperialist policies clearly dismantled the structures of British influence; less clear was the movement toward the ascendancy of

North American interests. Peronist policies, especially after 1950, revived the trend toward the increasingly central role of North American interests within the Argentine economy that had already been discernable in the twenties.

Before analyzing the specifically Argentine role in the transition from the hegemony of British to that of North American interests, it is interesting to note the United States' efforts to take advantage of the United Kingdom's weakened position during the war and post-war period. The following memorandum from the files of the Office of Inter-American Affairs was indicative of the State Department's thinking on the subject of British holdings in Argentina:

> There are some good properties in the British portfolio and we might well pick them up now. There is also a lot of trash which Britain should be allowed to keep.[1]

Various deals proposing to use English assets as collateral for financing its war effort were never actually carried out. However, one of the conditions for the Lend-Lease Program was that the United Kingdom consume its own exportable goods and this did result in a significant reduction of Britain's exports to the area.

United States policy during this period was to help the United Kingdom in negotiations which undermined the Anglo-Argentine connection while adopting obstructionist tactics and sabotaging any possibilities that might strengthen Anglo-Argentine ties. The British were aware of the situation and understandibly unhappy about it, as indicated in the following Foreign Office memorandum:

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[1]Hanson to Will Clayton, Nov. 2, 1940, OIAA: 30: Foreign Trade in Other American Republics, cited by Green, p. 140.

> The fundamental difficulty, as Sir David Kelly [the English Ambassador in Buenos Aires] points out, is that the U.S. Government are hostile not so much towards (the present Argentine government) as towards Argentina herself, whatever government she has, because, with her profitable economic links with Great Britain, she can afford to pursue a comparatively independent policy vis-a-vis the dominant influence of the United States in the western hemisphere. The United States are, of course, jealous of our influence and position in Argentina, and in attacking the Argentine Government they have a latent hope that they may at the same time succeed in reducing our own position in Argentina, which has helped the Argentines stand up to them. From this vicious circle it is difficult ... to see any escape.[1]

J. V. Perowne, the head of the Foreign Office's South American Department, offered the following assessment in 1945:

> One cannot escape the feeling that the "Fascism" of Colonel Perón is only a pretext for the present policies of Mr. Braden and his supporters in the State Department; their real aim is to humiliate the only Latin American country which has dared to brave their lightning. If Argentina can effectively be cowed and brought to patent submission, State Department control over the Western hemisphere (so the State Department imperialists no doubt think) will be established beyond a peradventure. This will contribute at one and the same time to mitigate the possible dangers of Russian and European influence in Latin America, and remove Argentina from what is considered to be our orbit.[2]

It will be recalled that these favorable wartime conditions also strengthened the hand of the nationalistically inclined regime of the forties in implementing its anti-imperialist policies. It was the favorable conjuncture of internal and external factors of the forties that provided the independence and room for maneuver which allowed the Peronist regime to be "above class forces" and to contain the contradictions inherent in its class conciliation program. Hence, up to 1950 the Peronist state was able to provide national entrepreneurs the conditions and incentives for expanded production while also achieving a redistribution of wealth benefiting labor, and, at the same time, it lessened the influence

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[1] Escude, p. 80. [2] Ibid., p. 241.

of foreign interests on the Argentine economy to an all-time low.

In the favorable conjuncture of the forties, the dismantling of the structures on which British hegemony rested was quite clear while the dynamics leading to their replacement by North American multinationals was not. Table 23 shows the shift in the influence of English and North American capital within Argentina's economy.

TABLE 23--Long range private foreign investments (using millions of 1950 dollars and the base year of 1945=100)

Years	United Kingdom		United States		Other Countries		Total	
	value	index	value	index	value	index	value	index
1931	4,294	189	1,436	158	1,910	176	7,640	179
1934	3,481	153	1,536	169	1,903	176	6,920	162
1940	2,938	130	108	12	1,504	139	5,570	131
1945	2,271	100	907	100	1,082	100	4,260	100
1949	338	15	447	49	955	88	1,740	41
1953	357	16	494	54	1,019	94	1,870	44
1955	402	18	558	61	900	83	1,860	44

SOURCE: Esteban, p. 79.

Peronist policies clearly discouraged foreign investments until 1952. The slight upward trend in the figures on Table 23 for the last years of the Peronist decade accord with the shift in policy orientation toward foreign capital incorporated in the SFYP.[1] Table 23 shows the most dramatic drop in foreign investments to be those of British origins and also shows that this took place during the height of Peronism's industrialization between 1945 and 1949.

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[1]Blanksten, p. 246, also perceives a 180° turn in the policies of economic independence around this time. He sees an about face leading to a sudden sympathetic orientation towards U.S. interests.

As Juan Carlos Esteban notes, this drastic reduction in the participation of English capital led to the proportional, though not actual, increase in that of U.S. capital during the Peronist decade, as Table 24 shows.

TABLE 24.--Percentage of participation of investment capital by country of origin

Year	United Kingdom	United States	Other Countries[1]
1945	53.3	21.3	25.4
1955	21.6	30.0	48.4

SOURCE: Esteban, p. 80.

Esteban aptly remarks that it was not at that time, a case of new U.S. investments displacing British capital. Rather it was a case of North American capital not being harmed as much by the closed market and Peronism's nationalistic industrializing policies generally. Restrictions on the repatriation of profits forced U.S. capital to reinvest.

The lessening influence of foreign capital was one of the most notable consequences of Peronist policies. Table 25 shows this trend as well as some other distinguishing features of the Peronist period.

The data showing the decline in the percentage of GDP comprised by exports indicate the increasing shift in the orientation of economic activity towards the internal market. In showing the dropping percentage of imported consumer goods in the total consumed, Table 25 also provides an indication of the growing capability of national industry to supply the domestic market. The tendencies expressed by these data on Table 25 are

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[1]This category probably masks many multinationals in fact based in the United States through the use of subsidiary firms with corporate offices in Switzerland, Luxembourg, Belgium, and elsewhere.

generally consistent with the movement toward an internally oriented growth model based on import substituting industrialization.

TABLE 25.--Relative weight of foreign capital and impact of foreign trade on Argentine production

	Average 1900-13	Average 1919-30	Average 1931-9	Average 1946-55
Foreign Capital as Percentage of Total Capital	47.7	32.0	20.4	5.1
Imported Consumer Goods as Percentage of Total Consumed	15.7	13.3	6.8	1.2
Exports as a Percentage of Gross Domestic Procuct	24.6	24.3	20.0	8.1

SOURCE: Cafiero, p. 180, based on E.C.L.A. figures.

Table 26 provides additional corroboration for these points. The data in Table 26 reflect the growing capability of national industry to supply the domestic market. Almost all categories show the

TABLE 26.--Merchandise imports as percentage of aggregate supply, 1900-69[1]

	1900-4	1925-9	1937-9	1946-9	1950-4	1960-1	1969
Foodstuffs	6	5	5	2	2	2	2
Textiles and Apparel	55	45	44	15	5	4	5
Chemicals	45	38	40	19	14	15	19
Metals	87	65	46	37	21	22	16
Machinery, Vehicles and Equipment (excluding electrical)	92	79	49	43	23	25	27
Electrical Machinery and Appliances	100	98	56	22	8	9	26

SOURCES: U.N., Yearbooks of International Trade Statistics; B.C.R.A., Origen del producto y distribución del ingreso. From Randall, p. 117.

most dramatic decreases in merchandise import as a percentage of their aggregate supply for the Peronist years. To anticipate a point developed in the next chapter, it is interesting to note that the sharpest drop for the 1946-9 period is shown by "textiles and apparel"--a category representative of the light industrial sector producing non-durable consumer goods--while the two categories showing the greatest declines for the 1950-4 period--"electrical machinery and appliances" and "machinery, vehicles, and equipment"--are more representative of the heavy industrial sector producing durable consumer and capital goods. These data support our hypothesis about the shift in Peronist industrializing policies between the forties and fifties.

The success achieved by Peronist policies in lessening the direct presence of foreign capital obscured the relatively growing influence of North American capital that was also taking place. Therefore, in order to clarify the dynamics involved in the process that resulted in United States based multinationals assuming a hegemonic position within the Argentine economy, it is necessary to focus the analysis on the nature of the industrialization taking place in the Peronist period, and particularly on its underlying contradictions.

At the height of their success, Peronist policies aiming to liberate the Argentine economy from foreign domination went a long way in undoing the pattern that underlay economic life: the exchange of agro-pastoral commodities for manufactured, non-durable consumer goods. The traditional predominantly two-way flow between Argentina and the United Kingdom was increasingly replaced with the tripartite pattern the policies of the

thirties had attempted to stem.[1] As noted above,[2] the corollary to the type of import substituting industrialization carried out under Peronist auspices was the need for the importation of capital goods. Since the United States was the primary source for capital goods, it became necessary for Argentina to realize a surplus from her agricultural exports to Europe in order to cover the deficit in her trade with North America. This tripartite pattern functioned even at the crest of Peronism's achievements, in 1947, when "The U.K. bought 30 percent and the U.S. took 10 percent of Argentina's exports for that year; and 45 percent and 8.4 percent, respectively, of her imports came from the United States and Britain."[3]

TABLE 27.--Argentine trade with the United States and Great Britain (average for five year periods in millions of dollars at current prices)

	Imports			Exports		
	Total	U.S.	G.B.	G.B.	U.S.	Total
1946-50	1,127.2	337.0	135.8	326.6	268.4	1,340.8
1951-5	1,121.2	188.6	75.6	180.8	163.2	987.6
1956-60	1,182.6	251.6	91.8	228.4	111.2	1,000.2
1961-5	1,214.6	309.8	98.2	177.0	101.2	1,289.6

SOURCE: Compiled from Diaz Alejandro, pp. 461, 465-6, 476- 483. Peso/dollar conversions effected in accordance with exchange rates which appear upon p. 485. Adapted from Lewis in Rock, p. 121.

Table 27 shows the tripartite pattern that defined Argentina's foreign

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[1]The tripartite permutations between Argentina, the United States, and the United Kingdom during this period are extensively analyzed in the following Ph.D. theses: Carlos Andres Escude, "The Argentine Eclipse: the International Factor in Argentina's Post World War II Decline, Ph.D. dissertation, (Yale University, 1981) and D.B. Easum, "The British-Argentine-U.S. Triangle," Ph.D. dissertation, (Princeton University, 1953).

[2]See p. 301.

[3]Blanksten, p. 243.

trade during this period. The figures show a consistently greater amount of imports from the United States than exports to it and, conversely, a larger amount of exports to Great Britain than imports from it. It is interesting to note that from 1945 to 1960 exports to England almost exactly balance the imports from North America. The figures for the sixties seem to indicate a shift in this pattern in that other markets displaced the importance of the United Kingdom for Argentine exports. The data in Table 27 also exhibit an overall tendency for imports from Great Britain to decline, a departure from the traditional model of Argentina's foreign trade. The significance of the consistently diminishing value of exports to the United States will become apparent further on.

The most interesting figures on Table 27 for the purposes of this analysis of Peronism are those for the 1945-50 period. The fact that total exports were at their highest during those years shows that the tripartite pattern was at its strongest. The fact that imports from the United States were at their highest in turn, shows that this was a key point in the U.S. displacing Great Britain as Argentina's major trading partner. Recall also that 1945-50 was the period when Peronism achieved its greatest successes. Taken together, these facts support the view taken in this analysis that the Peronist model, one of its key features being the tripartite trade pattern, represents the pivotal stage in the transitional process from externally oriented growth to dependent industrialization. In continuation, I explore this central hypothesis in more detail: we must look more closely inside the tripartite pattern for the key elements in the transitional process toward dependent industrialization.

The tripartite trade pattern grew out of the corollary to the import substituting industrialization pursued by Peronism: the increased need to import capital goods. As we have seen, the substitution of local production for the importation of manufactured consumer goods benefited U.S.-based multinationals at the expense of British economic interests. Thus the largest deficit in U.S.-Argentine trade for the period between 1946 and 1952 coincided with the year in which the output of the industrial sector was the highest. According to a government agency, Argentina's imports from the United States in 1948 amounted to 2,296 million pesos, while her exports to the U.S. for that year reached 537 million pesos. According to the same source, the importation of machinery and vehicles constituted half of total imports for 1948.[1]

Table 29 shows how strong a by-product of Peronist industrialization the importation of machinery and equipment from the United States was. It is interesting to note in these figures that increased importaion of machinery and equipment was not confined to those for the industrial sector alone, but also extended to agriculture. Table 28 shows this concern with mechanizing agriculture through the importation of equipment, the trend being especially pronounced for the period of the SFYP.

TABLE 28.--Importation of tractors

	1920-3	1925-9	1930-4	1935-9	1940-4	1945-9	1950-4
Units Imported	1,037	2,207	446*	2,035	280*	3,360	6,339

SOURCE: Cafiero, p. 233

*These lows reflect the impact of crisis in the international system: the Great Depression in one case, and World War II in the other.

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[1] El intercambio con los Estados Unidos (Buenos Aires, 1951) and Síntesis estadística mensual de la República Argentina (Buenos Aires, July 1953), both published by the Ministerio de Asuntos Técnicos.

Contrary to conventional allegations that Peronism failed to promote rural productivity, it appears that there was interest in the mechanization of agriculture. This would conflict with the simplistic interpretation that the regime's major failure lay in its neglect of the agrarian sector and would be consistent with the argument that Peronism's problems stemmed from a complex combination of international factors, beyond its control, and its refusal to alter fundamental social relations underlaying the productive process.

TABLE 29.--Importation of capital goods from the United States (thousands of dollars)

	1937	1939	1947	1948
Machinery and Electrical Apparatus	4,946	3,234	35,668	32,048
Motors, Turbines and Accessories Accessories	367	347	4,272	10,282
Machinery for Metallurgical Industries	368	432	9,657	8,211
Machinery for Mining and Petroleum	3,041	3,743	9,394	7,395
Textile Machiner	817	615	9.942	14,846
Miscellaneous Machinery (refrigeration, compressors, etc.)	2,037	1,568	19,475	16,289
Machinery and Agrigultural Implements	11,053	6,498	20,616	14,152

SOURCE: "Recent Developments in the Foreign Trade of Argentina," United States Tariff Commission (Washington, D.C.: 1950). From Cafiero, p.59.

Tripartite Trade Pattern as the Transitional Form: Indirect to Direct Dependency, II

Above I examined the increased dependence on imported capital goods as a corollary to the type of industrialization promoted by the Peronist regime. I began to show the relationship of this by-product of Peronist industrialization to the process whereby the United States displaced Great Britain as the predominant influence on and in the Argentine economy. I noted that Peronist economic policies were a case of quantitative change leading to qualitative change so that what began as promoting internally oriented growth to salvage the traditional externally oriented growth model by modifying it, ended up by subordinating the foreign trade infrastructure to further internal growth. I pointed out how this internal orientation undid the foundations upon which the British presence rested while not fundamentally harming North American interests. However, while the former tendency could be readily observed, the latter was not quite so visible.

In this section I continue to analyze data that allow a more detailed look inside the tripartite trade pattern with a particular view to discerning the movement from indirect to direct dependency. The trend from indirect to direct dependency lies at the core of the transitional process from externally oriented gorwth to dependent industrialization. Table 30 shows this trend. Though in U.S. dollars, the figures shown in Table 31 establish the basic continuity of the trends displayed in Table 30. Hence, we may surmise that the relationship developing in the Peronist years were not transitory and, indeed, solidified in the subsequent period.

TABLE 30.--Value of merchandise imports in million paper pesos and the main suppliers.

	Total	U.S.	U.K.	Germany, Italy and France
1943	942	179	195	0
1944	1,007	172	80	0
1945	1,154	159	116	2
1946	2,332	665	308	89
1947	5,349	2,431	446	434
1948	6,190	2,287	775	692
1949	4,642	689	722	1,218
1950	4,481	787	569	1,147
1951	10,492	2,199	788	2,551
1952	8,361	1,537	509	1,487
1953	5,667	965	355	1,226

SOURCE: Annuario del comercio exterio, several issues. From Diaz Alejandro, Statistical Appendix.

Two trends stand out clearly in Tables 30 and 31: 1) the displacement of Great Britain by the United States as the major source of imports, and 2) the apparent competition faced by the United States from three nations that were to become a part of the European Economic community. This

TABLE 31.--Value of imports in million current dollars, and main suppliers

	Total	U.S.	U.K.	Germany, Italy and France
1955	1,173	154	76	204
1960	1,249	327	113	297
1965	1,198	273	73	236

SOURCES: Comercio exterior and Boletín de estadística, several issues. From Diaz Alejandro, Statistical Appendix.

second trend raises a complex topic since the national origins behind the capital of many European multinationals is unclear. How widespread is the involvement of U.S. capital in particular European firms such as Olivetti or that of General Motors in Opel, for example. Nevertheless, considering the Argentine case illustrative of trends in the dependent industrial world, these data indicate that the subject of competition between advanced capitalist nations deserves serious study in analyzing the dynamics of dependency.

Tables 30 and 31 indicate the directions in which Argentina's external economic relations developed; Tables 32 and 33 provide data on the contents of those relationships.

Table 30 showed the largest increases in the total values of annual imports to have taken place in 1945-46, 1946-47, and 1950-51; in each case their value more than doubled that for the previous year. In Table 32 the columns for "Durable Consumer Goods," "Fuels and Lubricants," "Metallic Intermediate Goods," and particularly those for "Industrial Machinery and Equipment" and "Transport and Communications Equipment" show dramatic rises for the years between 1947 and 1948. These systematic increases, making up the biggest value of imports in the period which corresponds to the high point of Peronist industrialization, bear out the hypothesis on the type of industrialization promoted by the FFYP: dependence on the importation of capital goods. In addition, comparing the figures in these categories for 1945 through 1948 with data for this time period on Table 30, bears out the hypothesis on the differing contents of British and North American trade, the latter centering on capital goods. It will be noted that the highest annual increases in the total value of imports corresponds with the highest annual increases of

TABLE 32.--Value of merchandise imports in paper pesos at 1950 prices, by major categories (million pesos)

Year	All Merchandise Imports	Non-Durable Consumer Goods	Durable Consumer Goods	Fuels and Lubricants	Metallic Intermediate Goods	Industrial Machinery and Equipment	Transport and Communications Equipment
1943	2,034	596	48	82	108	75	20
1944	2,008	636	49	78	113	55	7
1945	2,205	513	190	99	171	76	17
1946	4,307	548	772	330	453	309	266
1947	7,901	1,357	735	403	809	925	1,245
1948	8,147	983	722	586	818	1,394	852
1949	5,468	584	290	475	641	865	258
1950	4,821	434	202	593	656	652	168
1951	6,123	435	608	661	925	625	233
1952	4,106	253	221	680	500	480	319
1953	3,590	266	109	654	301	403	421

SOURCE: United Nations, E.C.L.A., E.CN. 12/429/Add. 4, Mimeographed Statistical Appendix to El desarollo económico de Argentina, 3 vols. (Mexico, 1954), p. 109. From Diaz Alejandro, Statistical Appendix.

imports from the United States. This relationship is congruent with the hypothesis that the Peronist model of internally oriented growth depended indirectly on U.S. based economic interests.

The consistent decreases in the annual values of imported non-durable consumer goods, except for the sharp rise in 1947-48, indicates the success of the Peronist policies promoting import substituting industrialization in this area. Bearing in mind that the rise in real wages from 1947 to 1948 was the highest for the entire Peronist period, the increased value of imported non-durable consumer goods for those years provides evidence for an important aspect of this analysis of Peronism as a transition towards dependent industrialization: the expansion of the domestic market outdistanced that of local production, creating a vacuum that could be filled either by the further development of productive forces under local control, implying a change in the prevalent social relations, or by increasing dependency on external forces.

More directly germane to this interpretation of Peronism are the figures for the durable consumer goods category. The sharp increases in the annual values of imported durable consumer goods for 1946, 1947, and 1948, in the context of the general decline in the annual values of imported non-durable goods, corroborate the argument presented here. What was said in connection with the increased importation of non-durable goods from 1947 to 1948 applies all the more to durable consumer goods. Although strides were being made in the heavy industrial area during those years, this sector was relatively undeveloped compared to the light industrial sector producing non-durable goods. Therefore, dramatic increases in the purchasing power of the economically active population produced an increased demand for durable consumer goods that national production was

incapable of filling; hence the increases in the values for those types of goods in the years when real wages made their largest gains. The inability of the heavier industrial sector to meet the need of local industry can be seen from the fact that while the annual value of of imported non-durable consumer goods declined by almost one-half from 1943 to 1953, that for metallic intermediate goods almost tripled in the same period; this in spite of advances made in the area of steel production and processing. The annual values of imported machinery and industrial equipment provides the most dramatic indicator for the dependence on foreign sources for capital goods that underlay the Peronist formulas. Note the sharp contrast with 1943 when the value of imported non-durable consumer goods surpassed that for metallic intermediate goods and that for the imports of industrial machinery and equipment.

Table 33 again shows the basic continuity of these trends with the results of post-Peronist policies. The thrust of the data accord with the hypothesis that the major trend after 1950 was toward the direct form of dependency characterized by economic control exercised by monopolistic multinationals producing locally. Indicative of this movement is the fact that the highest annual values of imports for almost all categories occur in 1948, and all of them, save one, had higher values of imports for 1948 than they had for 1964. When compared to the figures in Table 32, the annual values shown above reveal an important shift in the nature of imports. The decline in the values of imported durable consumer goods is more substantial than that for non-durable consumer goods. In general, while the annual values of imports for the two categories tended to approximate each other in the previous period, in the latter period a gap emerged between them, with durable goods generally

TABLE 33.--Merchandise imports, in dollars at 1955 prices, by main categories

Year	All Merchandise Imports	Non-Durable Consumer Goods	Durable Consumer Goods	Fuels and Lubricants	Metallic Intermediate Products	Industrial Machinery and Equipment	Machinery and Equipment for Transport and Communications
1948	1,906	144	144	199	177	333	217
1950	1,203	69	47	176	157	177	58
1955	1,173	73	34	207	209	111	66
1960	1,392	79	92	189	190	241	115
1964	1,274	80	49	109	149	157	149

SOURCES: United Nations, Economic Commission for Latin America, Statistical Bulletin for Latin America, vol 3, no. 1, pp. 110-8; and unpublished E.C.L.A. worksheets for 1948-54. From Diaz Alejandro, Statistical Appendix.

having a lower importation value. This is congruent with the hypothesis that the multinational corporate presence begins in the area of capital goods and durable consumer goods. Their increased role within the Argentine economy would enable them to provide for a greater part of national demand through local production, thus reducing importation of these types of goods. The even sharper downward trend in the annual values of imported industrial machinery and equipment provides additional indirect evidenct for this point, especially given the fact that machinery and equipment for modern communications and transportation is highly sophisticated and produced for the most part by a few multinational giants.

Conclusions

We have seen that the corollary to Peronism's intensified industrialization was the increased need for imported machinery and parts. In its foreign trade aspect the new model represented no more than a modification of the traditional one in that, even though the predominantly two-way flow had been decisively replaced by the tripartite pattern, it still depended on the export of rural commodities. However, the new model departed fundamentally from the traditional one in that the benefits derived from Argentina's external links were used to promote the interests of groups whose economic activity was essentially contradictory to externally oriented growth. That is why I have chosed to conceptualize the form taken at this pivotal stage in the transitional process as indirect dependency. The interests promoted by the state, although dependent on the surplus derived from economic activity oriented to external markets, were nonetheless tied to productive activity oriented to the internal market.

The favorable external circumstances prevailing up until 1950 allowed Peronism both to stimulate production within capitalist relations and also develop the internal market through a redistribution of wealth benefiting labor. The populist-nationalist coalition Peronist policies sought to cement happened to be congruent with the positive conjuncture prevailing in the immediate postwar period. This favorable situation therefore, obscured the contradictions within Peronism's developmental pattern (internally oriented growth dependent on exports) and it enabled the regime to contain the contradictory interests (capital and labor) in the class alliance it was seeking to promote. Hence, when that situation deteriorated after 1950, Peronism had failed to move in the one area it had some measure of control over--altering the social relations of production--at a time when conditions were the most advantageous for such policies, which even then would have been rough going indeed.

Essentially, Peronism's problems flowed from the concern in its populist-nationalist doctrine not to directly attack the fundamental social relations of capitalist production. Thus, in the agrarian sector, while it exerted indirect pressure on the oligarchy by monopolizing trade structures, the regime left the material base of its avowed enemies intact. To be sure, nationalizing large landed property would have created tremendous, perhaps even insurmountable, difficulties for the regime; but in the end they might have proved less costly than the inaction which was one of the chief reasons for Perón's overthrow.

This chapter analyzed the regime's programmatic response to the crisis of the fifties. The policies expressed in the Second Five Year Plan indicated that the regime had opted for the capitalistic rather than the socialistic side of the relations implicit in the policies of the 1943-50

period. In comparing the Second with the First Five Year Plan, four shifts were found which promoted relationships among groups whose interests determined the post Peronist developmental pattern. Shifting the cost of development onto urban labor, giving priority to heavy and capital goods industry, aiding rural production under oligarchic ownership, and increasing foreign capital's role in Argentine development--all proved key in orienting the outcome of the transitional process towards a dependent industrial economy. Since 1950 particularly, and increasingly since then, Argentine industry has become technologically dependent on U.S. corporations. It was through this more modern industrial sector that U.S. based multinational interests began their extensive penetration of the Argentine economy. It was also the bourgeoisie in this sector which became the backbone of the "internationalized national bourgeoisie." This barrier of technological inadequacy has been one of the most formidable problems confronted by less developed nations which have sought to break out of dependent relationships. As in the Argentine case, it has led to a restructuring of dependency rather than a radical change toward a developmental pattern guided by the interests of the poorest sectors of the population.

Related to the technological factor was the fact that developing and operating the sector producing means of production requires an extensive accumulation of capital. Massive and rapid accumulation of capital meant eroding the foundation of the alliance Peronism was seeking to promote; it contradicted the commitment to provide higher profits for industrialists and also a higher standard of living for the workers. The social relations promoted by Peronist policies were a fundamental component of its doctrine. Thus it was that though populist-nationalism had aided

Peronism in its ascendancy, corresponding with the favorable conjuncture, it now proved to be a definite inhibiting factor preventing the regime from moving forcibly and consistently in one direction or the other.

The Peronist government enacted policies designed to strengthen the bargaining position of national groups in the process of economic development; it did not aim to alter the social relations of capitalist production. It thus neglected the internal foundations that were to reverse the trend toward economic independence and autonomous growth. The cases of the Soviet Union, China, Cuba, and others have shown the tremendous difficulties of promoting a progressive growth model from an undeveloped or underdeveloped technological base. In this effort, in order to achieve control over the processes of the accumulation of capital and gain the maximum degree of maneuverability and the greatest possible resistance to external influences, it was necessary to radically alter the social relations in the process of production. By stressing the cooperation of social sectors with diverging interests in the distribution of surplus value, Peronism facilitated the development of a dependent industrial economy.

Economic development was to be pursued within the framework of the private ownership of the means of production. The state reserved the right to interfere in those properties that "served a social function," but this potentially far-reaching formula was never applied systematically, serving more as an admonition to political enemies than anything else. Capital was supposed to "humanize itself," to see its own self-interest, with some prodding from a popular government; but only Evita seemed determined to force it in that direction. Economic privileges were decried rhetorically, but the class struggle was not advocated as a means to rectify injustices.

It was here that Peronism drew its clearest line of demarcation from Marxism: it advocated "social justice," not class struggle. The mobilization of labor as a pressure group was actively pursued, but leadership of the developmental process by the working class was out of the question.

Attempting a program of economic recovery within the framework of capitalist social relations pushed the contradictions within indirect dependency to the direct form of dependent industrialization. The consequences of depending on imported capital goods and technology intensified between 1950 and 1955. The pressures from the advanced capitalist suppliers, though still indirect, mounted. The reigme's intention to surmount economic difficulties at labor's expense set the conditions which led in the decade after Perón's overthrow to an industrial periphery economy based on the domination of local production by monopolistic multinational corporations.

Perón's Overthrow

The coup of 1955 should be understood in the context of the policy shifts encompassed in the SFYP. It will be recalled that the latter was an attempt to resolve the contradictions in the alliance promoted by the FFYP between the industrial proletariat and bourgeoisie at the expense of the agro-exporting sector. The SFYP addressed those contradictions by promoting a new relationship revolving around the landowning oligarchy and the bourgeois sectors involved in the production of durable and capital goods, at the expense of the workers. The SFYP thus reinforced a set of social relations underlying a developmental pattern that was not fully implemented until the state was rid of the last remnants of its working class orientation.

Though promoting the oligarchy's interests, the regime's policies failed to elicit oligarchic support beyond the rhetorical level. Indeed, not only did the large landowners retain their enmity toward Peronism, they were also a key force in Perón's overthrow. Meanwhile, the Peronist government distanced itself from the social base that had constituted its most solid foundation. In retrospect, one can easily observe the intimate correspondence between the rise and ebb of Peronism's political fortunes, and the degree and intensity of the support it enjoyed from its proletarian wing.

In his analysis of the social forces involved, Arthur P. Whitaker provides the best account of the events leading up to the coup that overthrew Perón. The surface issue involved Peronism's growing hostility toward the Catholic Church. In fact, all concerned understood the Church to symbolize the traditional ruling groups in general and the oligarchy in particular. By 1955 the oppositon to Perón's government found its most visible expression in a few of the more outspoken conservative Catholic clergy. Their immediate resentment stemmed from the legalization of divorce and prostitution and the resecularization of education; but they quickly served as a rallying focus for all of Peronism's opponents. The response by some of the Peronist rank and file in vandalizing and commiting arson on the churches of well-known oppositional clerics added fuel to the fire. As Whitaker points out, these forays were perceived by the oligarchy as an indirect attack and caused it to fear that a real assault might be in the making, thus precipitating its role in the coup.[1]

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[1]Arthur P. Whitaker, Argentine Upheaval: Perón's Fall and the New Regime (New York: Praeger, 1956), p. 75. This section follows his chronology and interpretation of the events leading up to the September 1955 coup. However, the analysis of the reasons why the coup succeeded is not from Whitaker. It derives from the understanding of Peronism as an example of populist-nationalism.

Very key to the success of the coup against Perón were his prior actions which discouraged active support from the movement's working class base. In this regard the events around the abortive coup of June 1955 (just three months prior to the final coup), which was timed by the naval air force and a few armed civilian bands to commence a few hours after the announcement of Perón's excommunication for expelling two prelates from Argentina, proved to be critical. When word got out that navy planes had attacked Casa Rosada and other government buildings as well as the headquarters of the CGT, workers swarmed into the Plaza de Mayo and stormed the headquarters of the rebellion in the Navy Ministry where they were repulsed by machine guns. The army remained loyal to the regime; the opposition forces were isolated in the air and forced to land in Uruguay when their fuel ran out. Significantly, Perón sought peace with the Church after the revolt. He forced the two men in his inner circle who were most closely identified with the anti-clerical campaign--Angel Borlenghi, Minister of Interior and Justice, reportedly the number two man in the regime at the time, and Eduardo Vuletich who was the Secretary-General of the CGT--to resign. Since these men also represented the descamisado wing of the movement, their resignation meant a shift toward the army as the regime's support base. "This view gained support from Perón's speeches in the week following the revolt, in which, while praising the descamisados for their loyalty, he gave the Army virtually all the credit for smashing the revolt."[1] In the three month interval between this abortive coup and the overthrow, the army took advantage of the situation and seized the remaining small arsenal of some five thousand rifles

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[1] Whitaker, pp. 10-1.

and revolvers the CGT had in its possession and rejected the CGT's offer to turn its six million members into a civilian militia.

When the final coup came, the army did not prove to be a reliable base of support. The opposition forces had spread from the navy to army units stationed in Córdoba and the army command did not decisively move to crush this revolt. In retrospect, what was perhaps the most important factor in the success of this coup, was the fact that the workers were not mobilized. The revolt had been the work of only a part of the armed forces with practically no civilian support outside of Córdoba. At the point of Perón's resignation,forces loyal to him still controlled Rosario, the second largest city, most of the provinces, and metropolitan Buenos Aires which contained a quarter of the nation's 19 million inhabitants.[1] At this critical juncture, a mass mobilization undertaken by the CGT would, in all likelihood, have ensured Perón's stay in power.

Several factors combined to prevent the Peronist regime from calling for a mobilization of workers, a step which would have moved it closer to being organically bound to its proletarian base. There was the incipient disillusionment of the working class militants, not only on account of the recent events surrounding the abortive coup and the Standard Oil contract, but also going back to the shifts of the fifties that led to the feeling that Perón's identification with their cause in his speeches was a poor substitute for the active protection of their interests they had enjoyed in the forties. There was also Perón's abhorrence of civil war which was both a result of his background as a professional soldier and, more importantly, Peronism's populist-nationalist doctrine with its emphasis

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[1] Whitaker, pp. 29-30.

on class conciliation and harmony. Perón identified class struggle with Marxism. His refusal to arm workers was quite consistent with his fear of the worker's susceptibility to the influence of Marxist ideas.

When the final revolt was not crushed after four days of fighting and it became apparent that only a class showdown would save Perón, he resigned with an open letter to the army and the people saying he wished to spare the nation a civil war and Buenos Aires a naval bombardment. This rationale expressed in Perón's resignation represented his sincerely felt convictions and not, as has often been alleged, Perón's cowardice. In an interview with Felix Luna almost fifteen years later, Perón made some interesting observations on those critical days.

> I could have taken repressive measures and crushed that disturbance: it would have been sufficient to have declared a state of siege and put the workers into the barracks. ... But what would have happened if we had taken those measures? Those things never end the way they start. That would have cost the country a million dead, like in Spain. And I was not prepared to have that happen to Argentina, simply on account of my presence or absence in the government. I thought the process would continue more or less unchanged, with some modifications, even without my being in power. Now, if I had known then what I know now, I certainly would have fought even though that decision cost a million dead like in Spain![1]

It is worth noting that these declarations were made at a point when Perón was assuming his militant posture, being out of power and in exile while the movement was militantly laying the groundwork for his return to power.

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[1]Felix Luna, El 45: crónica de un año decisivo (Buenos Aires: Jorge Alvarez Editor, 1969), pp. 59-60.

CHAPTER VI

THE DEPENDENT INDUSTRIAL ECONOMY AND PERÓN'S RETURN TO POWER

Introduction

The developmental pattern characterized as dependent industrialization can be defined by its two essential features: 1) manufacturing constitutes the predominant form of economic activity, and 2) the industrial sector gravitates around the presence of monopolistic multinational firms. The firms which become the major influence in economic life share these distinguishing characteristics: they are large enterprises with vast financial resources, utilize modern technology, are administered by bureaucracies responsible to a central office located overseas, and are in a position, either on their own or in conjunction with similar firms, to control the market for the goods they produce.

A dependent industrial economy requires the existence of several conditions, the most important of which are:

1. The centrality of the industrial sector in the economy
2. The consolidation of a viable domestic or overseas market
3. Development within the framework of the private ownership of the means of production and the social relations underlying it (there must also be a significant state sector, but it remains subordinated to the requirements of the private sector)
4. The general prevalence of industrial peace and a certain degree of political stability

Prior chapters noted how the configuration of internal-external circum-

stances aided Peronist policies from 1943 to 1955 in achieving these results.

Peronist policies of the 1943-55 period promoted the interests of the classes whose alliance the regime sought to forge. The material basis for satisfying those interests depended internally on being able to expand and supply the domestic market which, in turn, was related to the disruption of foreign sources of supply as a result of the World War and its aftermath. In analyzing the 1943-50 period I showed that the Peronist regime pushed import substituting industrialization within a capitalist framework based on an expanding domestic market to its limits. In the analysis of the 1950-5 period we saw that when the favorable conjuncture deteriorated, the contradiction posed for a capitalist model of accumulation by a distributionist developmental strategy could no longer be contained.[1] I argued that one direction for attempting to resolve this contradiction was taking shape during the 1950-5 period. Accumulation at the expense of the working class was carried out on the policy level through redistribution benefiting large landowners and the bourgeoisie associated with large-scale industry, and, in the sphere of production, through the

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[1]Here I follow Monica Peralta Ramo's analysis in "The Economy: Liberation or Dependency?," Latin American Perspectives 1 (Fall 1974): 85. She sums up her argument noting that

> the strategy necessary to extend the limits of capitalist accumulation enters into open conflict with the distributionist strategy (the politics of full employment and redistribution of incomes) that characterized the Peronist period covering 1946-55. That is to say, the need to increase the organic composition of capital under conditions of technological dependency leads to an orientation of the productive process, of the labor market, that is the antithesis of a policy aimed at a conciliation between the immediate interests of capital and labor.

more intensive exploitation that results from a higher organic composition of capital and its accompanying capital intensive methods. This chapter concerns the consolidation of this process in the decade and a half after Peronism's removal from power and examines some of its consequences.

In following pages I show that the process associated with a higher organic composition of capital--greater concentration and centralization of capital--did indeed take place in the period after Peron's overthrow. This process can also be termed "the denationalization of the industrial economy" since foreign capital extensively penetrated those branches with the highest organic composition, which are also the most dynamic sectors in terms of productivity increases. As Laura Randall points out in her study, "foreign firms increased their participation in the 100 largest manufacturing firms from 14 percent in 1957 to 50 percent in 1966;" and, she adds significantly, "these were the most rapidly growing sectors of industry."[1] However, due to political contradictions resulting from aspects of the Peronist heritage, this sector was not nearly dynamic enough for a sufficiently healthy performance during the ascending phase of the boom-bust cycle of capitalist growth.

Much of the tragedy of the Argentine crisis can be traced back to the fact that Argentines have endured the costs of capitalist development with few of its benefits. Both the national bourgeoisie and the working class paid a heavy price in the consolidation of the pattern of dependent

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[1] Randall, p. 236.

industrialization.[1] On the one hand, the branches with the lowest organic composition of capital, the small to medium-sized firms constituting the backbone of nationally-owned industries suffered an increasing rate of bankruptcies and long-term stagnation. On the other hand, the capital intensive methods of the multinational sector meant a worsening in the unemployment/underemployment problem, an intensification of the exploitation of workers within the productive process, and a general deterioration in the proportion of income allocated to the poorer sectors of the population. Adding to the deterioration in the position of national entrepreneurs producing non-durable wage goods and of working class consumers is the fact that the multinational sector produces the types of commodities that depend on the upper income market and thus require a greater concentration at the higher income levels.

In this analysis of the 1955-73 period I focus on the economic and political contradictions which ultimately led to Perón's return to power. Due to the strength and resilience of the Peronist mystique, the economic project based on the interests of the multinational sector and its local allies proceeded with stops and starts as well as minor setbacks in between. A series of civilian and military regimes succeeded each other as they failed to come to grips with Peronism's remnants. The brief period which saw the clearest expression of foreign monopoly capital's project in the industrial sector did not take place until a decade after Perón's

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[1] This statement holds at the level of classes. In other words, individuals may not have been affected so adversely. This is especially true for those members of the national bourgeoisie who were integrated into the orbit of foreign capital. In many cases their individual positions improved considerably.

overthrow with the 1966 coup that brought General Onganía's government into being. However, while this project, the Krieger Vasena Plan--named after the Minister of Economics under whom it was formulated--began by stripping away the encrustations grafted onto its predecessors' policies by past contradictions, it actually succeeded in aggravating these contradictions further. The Onganía regime's capacity to dismantle the populist nationalist pattern in the economic sphere was far superior to its ability to achieve a new form of social integration under the aegis of the multinational firms' interests. In the end, Perón was brought back to resolve the intensifying crisis.

A key theme the analysis seeks to establish is that, below the surface of ups and downs in the hegemonic economic project and the ongoing political turmoil, the pattern of dependent industrialization continued to be consolidated. This understanding is brought to bear in the final part of the chapter in order to explain why Perón's populist-nationalist formula, only slightly modified from its expression in the forties, was bound to fail in the changed conditions of the seventies. In the first Peronist period, the principal cleavage had been that between the populist state and the landed oligarchy as a result of Peronism's determined efforts to appropriate the surplus produced in the sector controlled by the oligarchy. In the post-Peronist period, the main contradiction was that between the mostly foreign monopoly capital and the popular classes affected by its expansion.[1]

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[1] Juan E. Corradi develops this thesis in "Argentina: Dependency and Political Crisis," Monthly Review 25 (Dec. 1973): 28-42.

Denationalization of the Industrial Economy

Chapter 5 argued that the direction in which the contradictions within Peronist development were being resolved, particularly in the latter half of the 1945-55 decade, proved determinative in setting the subsequent developmental pattern. In other words, the relationships among and between national and foreign groups underlying the predominant trends of the post Perón era were already taking shape in the Peronist policies of the fifties. For example, analysis of the SFYP showed that the regime's attempt to resolve contradictions in its earlier developmental program in the direction of the heavier and capital goods sector had an adverse impact on the small to medium sector constituting the backbone of the national industrial bourgeoisie. Here we shall see that this trend became much more pronounced in the years after 1955.

A key hypothesis examined in the previous analysis of the movement from indirect to direct dependence[1] was that United States based interests were gaining a greater foothold within the manufacturing sector during the first Perón period. Because of the paucity of data on the subject, the analysis had to rely largely on inferential evidence for this hypothesis. Other analysts who take the position that U.S. influence became stronger during the populist-nationalist decade of 1945-55 such as Juan Carlos Esteban and Luis Sommi, present more direct but also more controversial evidence. The veracity of their findings is open to question on the grounds of their leftist orientation. Hence, though inferential, the analysis in Chapter 5 served an important purpose in confirming their basic conclusion. By contrast with the earlier period, the data on the U.S. pre-

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[1] See above on pp. 302-20.

sence within the Argentine economy in the 1955-65 decade is more readily available and it will therefore be unnecessary to make logical extrapolations.

There is no doubt that U.S. interests became the major investors in the Argentine economy in the decade after Perón's overthrow. For example, according to one survey conducted in 1966 by the Oficina de Estudios para la Colaboración Económica Internacional, an organization funded by Fiat Concord, the United States led with 55 percent of all new foreign investments between 1958 and 1963. European countries combined had 39 percent of this total, while other countries individually had less than one percent.[1]

The increased foreign investments from the late fifties through the mid-sixties consolidated the external presence within manufacturing and led to the increasing dependence of industrial production on facilities owned or controlled by these foreign interests. Control of production translates into control of the market. The virtual take-over of the domestic market proceeded with amazing rapidity. According to one analyst, already in 1960 "five U.S. companies accounted for 18.8 percent of Argentine corporate sales in foodstuffs, beverages and tobacco; 13 U.S. companies accounted for 15.5 percent of sales in chemical products; eight U.S. companies accounted for 22 percent of sales in vehicles and machinery and seven U.S.

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[1]Cited by Guillermo Martorell, Las inversiones extranjeras en la Argentina (Buenos Aires: Editorial Galerna, 1969), p. 107. On page 290 above, I cited similar figures from Felix Herrero. It is worth noting once more that this type of data probably errs on the conservative side since what are recorded as European investments may actually be those of North American firms with European offices or European firms with substantial participation of U.S. capital. David Rock in his article on "The Survival of Peronism" in the book he edited, cites other sources that put the percentage of foreign investments coming from the United States at around 70 percent of the total (p. 198).

companies accounted for 19.2 percent of sales in electrical equipment."[1] Given that the electrical equipment producing branch had shown one of the highest growth rates during the Peronist period, this latter percentage assumes added significance as an indication of the extent of the denationalization of the industrial sector. The rapid take-over of the domestic market by the monopolistic multinational corporations thus signified the end of the Peronist project of promoting the interests of national capitalists through their ability to supply the demands of the local market. Table 34 which rank orders total sales grouped into entities by adding together those of the same national origin of the majority of capital held in the firm, provides an even stronger indication of the success of foreign companies in capturing the domestic market.

The fact that the annual sales of U.S. based multinationals far exceeded those of their Argentine counterparts in the private sector, shows how far they had gone in cornering the domestic market. Moreover, if we contrast these figures for 1967 with those presented above on percentages of corporate sales controlled by U.S. firms in particular branches of production in 1960,[2] while they do not tap the same information and are not strictly comparable, we may nevertheless infer that U.S. companies were rapidly gaining increasingly larger shares of the Argentine market in the sixties.

Table 34 also underlines the considerable strength of European based multinationals in the Argentina of the sixties. In spite of the qualification that the North American presence is to be found behind much of the

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[1] Victor Testa, "Significación de capital internacional en la industria argentina: el capital norteamericano" in Fichas 1 (July 1964): 61.

[2] Ibid.

capital designated as European, it would be a mistake to underestimate the latter's influence on Argentine development. Nor should the importance of the competition between Western European and U.S. based corporations be underestimated. For example, according to Juan Corradi, Italian capital played a key part in aiding an enterprise belonging to José Gelbard, Perón's Economic Minister, in its fight against Kaiser Aluminum.

TABLE 34.-- Relative control of national and foreign groups of the market for industrial commodities in 1967

National Origins of Majority Stock Held in Firms	Combined Total Annual Sales
Argentine State	Exceeding 396 Billion Pesos
U.S. corporations	" 260 " "
Private Argentine firms	" 186 " "
European companies	" 344 " "

SOURCE: Special report by Julian Delgado in Primera plana (Buenos Aires) 6, No. 6. From Martorell, pp. 122-3.

In competing with North American interests, European capital has shown more flexibility and a greater disposition to enter into joint ventures with state and private firms, as well as a greater tolerance for political reforms. "These observations should not be construed, however, to imply that European monopoly capital offers an alternative developmental model or necessarily better terms of dependency for Argentina." Nevertheless, as Corradi goes on to note, this inter-capitalist rivalry is vital to understanding and "assessing the real meaning of Perón's 'anti-imperialism' [in his second regime] which has amounted to no more than a mild defiance

of American corporations, and a preference for European monopolies."[1]

Table 34 also shows how important a part the state sector played. The figures are however, somewhat misleading since a good portion of the annual intake was in the area of public services and some of them, the railroads for example, were run on a considerable deficit. Even so, the strength of the state's presence cannot be denied. The Argentine case thus tends to confirm those who argue that a strong interventionist role on the state's part becomes a necessity in a situation of dependency. The weakness or non-existence of a national bourgeoisie makes it imperative for the state to assume many of the functions traditionally associated with the bourgeoisie in developing and consolidating the industrial sector. Moreover, the political sphere becomes of strategic importance in ensuring policies sympathetic to the interests of non-national groups within the economy. We saw that the Peronist state functioned in part as a surrogate for a weak national bourgeoisie. It was because of its ambiguity and contradictory performance in this regard that it was overthrown. Peronism had to be overthrown because its populist-nationalist side had begun to impede the hegemony of external interests in the national economy. In the period after Perón's overthrow, the consistent theme echoed by those who occupied important economic policy-making posts, whether under civilian or military auspices, was that economic well-being required not only foreign investments but also giving foreign capital free reign within the economy.

The figures in Table 35 show how far manufacturing had been denationalized within the decade and a half after Perón's overthrow. They

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[1] J. E. Corradi, "Argentina and Peronism: Fragments of the Puzzle" in Latin American Perspectives 1 (Fall 1974): 12.

also show the considerable strength of the state sector in the economy. Table 35 summarizes the conclusions drawn by the staff of the North American Congress on Latin America from a survey which ranked the top 120 companies producing in Argentina by the volume of their sales for 1971.

TABLE 35.--Nationality and sales of top 120 corporations producing in Argentina in 1971

Nationality	Number	Percentage of Total Sales	Percentage of Total Sales of Private Sector
Foreign	66	48.5	67.0
United States	31	21.5	29.7
European	19	15.1	20.9
Other	16	11.9	16.4
Argentine	54	51.5	33.0
State	10	27.8	--
Mixed	2	1.0	1.4
Bunge y Born	5	3.3	4.6
Dependent Co.	13	7.8	11.0
National Co.	24	11.6	16.0
Total	120	100.0	100.0

SOURCE: Mercado 4, No. 157 (Buenos Aires, 1972). Adapted from N.A.C.L.A., Latin America and Empire Report 7 (Sept. 1973): 9.

Table 35 reflects one of the key components of the process leading to a dependent industrial economy: the concentration of industrial production into a diminishing number of corporate giants. The combined sales of these top 120 companies for 1971 amounted to 22 percent of the Argentine Gross Domestic Product and was 2.4 times greater than the government's entire budget for that year.

According to the results of the survey shown on Table 35, 66 of the top 120 corporations were owned or controlled by foreign groups and together they generated 67 percent of the sales of privately owned firms in the survey. Moreover, 31 of these companies were dominated by U.S. groups. Of the 54 corporations in which Argentines held majority equity, 10 were state owned or managed and 2 were mixed private-state operations. In addition, 5 of the privately owned Argentine firms formed a part of the complex controlled by the Bunge y Born holding company. Although formally a national corporation, it is part of a much wider network closely integrated to U.S. and European capital. Another factor diminishing the national character of the Argentine owned private sector arises from those enterprises, 13 in the above survey, which are closely linked to foreign interests through patent rights and licensing agreements, joint research ventures, international public or private financing, and/or foreign minority equity participation. Indeed, the process of denationalization in this period involved the increasing subordination of the small to medium size plants to the foreign monopoly sector. This took place not only through the payment of hefty royalties for patent rights by the "national" firms, but also through technological dependence in general. Oftentimes, they became directly tied to the multinationals in the productive process itself by virtue of being transformed into suppliers of parts or components.

The small to medium size national sector did not fare well as manufacturing came to be increasingly centered on the activities of the monopolistic multinationals. The period when foreign capital was making its largest gains in industry was also the time when the bankruptcy rate of small firms rose dramatically. "Commercial and private failures, which

numbered 800 in 1960, rose to 1300 in 1961, 1800 in 1962 and to over 2500 in 1963."[1] The close correspondence between increased foreign investments and rising bankruptcies lends credence to the assertion that these failures represent the reverse side of the process of denationalization.

Table 36 shows the extent to which multinational companies monopolized production.[2]

TABLE 36.--Foreign control of branches of production in 1972

Branch	Number of Foreign Firms	Percent of Production
Petrochemical	5	100
Pharmaceutical	16	48
Cosmetics and Toiletries	5	44
Paints	4	70
Automobiles	8	97
Engines	2	60
Non-Ferrous Metals	2	85
Compressed Gases	2	60
Cigarettes	5	100
Fertilizers	1	100
Tires	3	83

SOURCE: Consejo tecnológico del Movimiento Nacional Peronista, "Bases para un programa peronista de gobierno," Economía (Buenos Aires) 5 (May 1973): 14. From N.A.C.L.A., Latin American and Empire Report 7 (Sept. 1973): 6.

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[1] Eshag and Thorp, p. 33. Their source is The Review of the River Plate (Buenos Aires) for 1963.

[2] This subject has been treated at various points above. See for example, pp. 335-6 and 339-40.

The figures in Table 36 can be questioned because of their Peronist source. The general point can, however, be substantiated with other data that show how closely linked the increasing concentration of capital and the ever tighter foreign control of manufacturing was. For example, citing a variety of sources,[1] David Rock notes that in 1948 one half of all production in the manufacturing sector was controlled by .83 percent of the total number of firms. By 1964 that figure had dropped to .69 percent and of that fraction 41 percent came from firms where foreign capital had a majority holding.[2] Similarly, Guillermo Martorell points out that of the 100 companies with the highest value in their sales for 1956, 75 of them were Argentine owned. Ten years later that figure was down to 50 and by 1970, only 39 of these companies were Argentine. At the end of 1967, at a time, as will be seen, when the most clearly pro-multinational industrializing project was carried out, only 20 of the 50 largest companies in Argentina were owned domestically, and of these five were state operated.[3]

Denationalization and Its Social Impact

The Peronist vote was decisive in getting Arturo Frondizi elected to the presidency in 1958. To gain this support, Frondizi had pledged that the social and economic gains achieved in the Peron period would not be sacrificed.

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[1] Mauricio T. Arcangelo and H. Carlos Quaglio, "El imperialismo: el caso argentino, " Los libros 26 (May 1972): 10-4; Pedro Skupch, "Concentración industrial en la Argentina," Desarrollo económico, 11 (Apr.-June 1971): 3-15; Julian Delgado, "Industria: el desafio a la Argentina," Primera plana, Sept. 3, 1968.

[2] Rock, p. 198.

[3] Martorell, p. 128. His source is the special report published by Julian Delgado in Primera plana (Buenos Aires) 6 (Sept. 3, 1968): 71-5.

> Frondizi's real aim, enunciated in the doctrine of Integralism, was another class alliance where the urban working class and unions would be drawn into supporting the capitalist-developmentalist orientation of Frondizi's party, the Unión Cívica Radical Intransigente (U.C.R.I.).
>
> To cement this relationship in the second half of 1958 Frondizi increased monetary wages by 60%, an amount significantly above the rate of increase in the retail price index. But this gesture was immediately undermined by the problems directly emerging from economic stagnation and the economic cycle. In the absence of significant growth an inflationary spiral developed. It was accompanied by a major deficit in the balance of payments. Frondizi's development objectives, and his pressing need for external financial assistance to alleviate the crisis, proved more powerful commitments than the political calculations stemming from his links with the unions.[1]

The different international context did not allow Frondizi to avail himself of Perón's populist-nationalist formula for providing benefits to both workers and capitalists. Having failed in this attempt, the Frondizi government pinned its hopes on the IMF recommendations and eventual salutory effects that would result from the expected upturn in productivity and employment.

The pattern of dependent industrialization assumed particular intensity during the presidency of Arturo Frondizi in the context of "desarrollista" policies influenced by Raúl Prébisch. The basic notion incorporated in these policies was the idea that foreign capital would provide a way out of the profound structural crisis by spurring on the development of the industrial sector. Hence foreign capital was to be given free reign in the economy and legal and other restrictions inherited from Peronism were to be removed as the primary obstacles to economic recovery.

This was the period, 1959 to 1963, that Eshag and Thorp designate as the "IMF era of orthodox economic policy" because of the closeness with

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[1] Rock, "The Survival of Peronism" in Rock, p. 203.

which the government followed the International Monetary Fund's recommendations.[1] The IMF "concurred in general with Prebisch's reports in recommending the dismantling of governmental controls and the establishment of a free market. They differed, however, from the proposals of the Prebisch reports in containing no mention of specific development projects and in placing considerably greater emphasis on curbing the growth of demand and on use of monetary instruments."[2] Following the IMF's recommendations, the government's policies curbed consumption with restrictive monetary and fiscal policies and through wage restraints. It was believed that the operation of market forces would do the rest, that internal price stability and balance of payments equilibrium would be the eventual outcome. Thus it was hoped that after a period of adjustment, a sound and durable rate of growth in production and employment would be achieved.

In one sense the policies of the Frondizi period succeeded remarkably well. "The curtailment of consumption was such that by 1963 total private consumption was some 10 percent lower than it had been in 1958. If allowance is made for the increase in population, the per capita level of consumption must have declined by nearly 20 percent between 1958 and 1963."[3] The heaviest burden from these IMF inspired policies fell upon the shoulders of the industrial working class. Their real wages had fallen some 15 percent from 1958 to 1963.[4] The situation improved somewhat in

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[1] Eshag and Thorp, p. 19. [2] Ibid.

[3] Eshag and Thorp, p. 37.

[4] Ibid. According to E.C.L.A.'s Economic Development and Income Distribution in Argentina (New York: United Nations, 1969) urban real wages had already fallen by 20 percent in the decade from 1949 to 1959 (p. 10).

1960 and 1961, when there was a recovery in income levels and a more progressive distribution of income as a result of a better performance by the export sector and an inflow of foreign capital. However, since the bulk of foreign investments continued to be funneled into the capital intensive sectors, though there was increased productivity there was no improvement in the unemployment situation.[1] Despite slight cyclical improvements, the relative share of income going to the working class dropped compared to what it had enjoyed at the height of the Peronist period.[2]

In another sense the policies of the Frondizi period proved to be a dismal failure. Though they succeeded in curbing consumption and reducing employment, "instead of ending inflation the markedly depressive impact of these measures served to accelerate it and to induce a minor catastrophe. In 1959 the retail price index increased by a monumental 133.5%, as against an increase of 31.2% in 1958."[3] Not only did the "free market" oriented economic policies fail to achieve internal price stability, they also failed to ease the nation's balance of payments difficulties. Hence, falling production and rising unemployment,[4] directly traceable to the orthodox economic policies of the period, could not even be justified in terms of curbing inflation and achieving a favorable balance of payments.

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[1] Rock, p. 204.

[2] See Portnoy, p. 10, for data showing income redistribution to the detriment of laborers in post 1955 period.

[3] Rock, p. 203.

[4] As we saw, the smaller nationally owned manufacturing sector producing wage goods for the lower income market, was particularly hard hit. See pp. 340-2 above.

In addition to juridically facilitating the entry of foreign capital in the decade after Perón's overthrow, the state's policies determining income allocation provided a key component in the business climate multinational corporations look for. The developmental program of the period increasingly shifted the cost onto wage earners and lower income sectors. Income reallocation took place through lower wages and unemployment and underemployment, which were exacerbated by increased bankruptcies and the general decline of marginal national industries. It became impossible under the zero-sum conditions imposed by protracted economic stagnation to reward different class groups simultaneously as had been done in the prior period. Government policies became the single most identifiable factor in the distribution of income. Hence the economic struggle for better wages and working conditions became radicalized politically and the stage was set for the upheavals that eventually led to Perón's return in 1973.

The close relationship between the policies seeking to attract foreign capital and the deteriorating conditions for lower income groups was firmly established in the minds of the working class in this period. Indeed, the anti-working class stance of the various regimes at this time was the key factor making, not just for Peronism's survival, but for its resilience and growth. At best, only token gestures were made by governments in the post-1955 era to win working class support; next to nothing was done to promote their interests. Even the Frondizi government which came in on Peronist support by promising not to sacrifice the workers' social and economic gains, was nevertheless forced to undermine them and thus discredited what non-Peronist leadership might have emerged.

Overall, the decade between 1955 and 1965 was marked by continual oscillations, beginning with draconian measures restricting the working class' ability to consume, followed by short intervals of liberalizations. The stage had been set at the end of 1955 by the Aramburu government when it attempted to freeze wages.

> Collective wage contracts agreed under Perón were prorogued. The government also dismantled the main organs of the Peronist state's control over the economy, in line with the demands of both industry and agriculture. In returning to a more laissez-faire system, one of Perón's more significant fringe benefits from the early 1950s, the state subsidy to basic foodstuffs, was abolished. This brought about the first major redistribution of income against the working class.[1]

"Between 1950 and 1955 wage income accounted for an average 41.8% of GNP. In 1956-8 this dropped to 39.6%, and in 1959-61 to 35.8%. These figures were not representative of a permanent trend, but they illustrate the extent of short-term fluctuations."[2] These were the circumstances that provided such fertile ground for the Peronist mystique of the "golden age" of the forties. Even the depression period of the early fifties could now be compared favorably with the present by Peronist union leaders. In this they took their cue from Perón himself who was able to capitalize on this rather convincing argument. Using official statistics, he was very adept at showing how much more socially just and also how much less inflationary his government's economic policies had been. Writing in exile in the book in which he pins the label of vendepatrias on his successors, he states:

> History cannot be refashioned with words. ... In the twenty months prior to the coup, the index for the cost of living increased 21 percent, while in the following twenty months that increase had already reached 36 percent. Food, which is the most important item

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[1] Rock, p. 201. [2] Ibid., p. 195.

> in the popular budget, increased by 19 percent in the period prior to September of 1955, while beginning with that month the increase had reached 41 percent.
>
> [Perón demonstrates what a critical impact rising food prices have particularly on living standards of workers and, by extension, on the economy as a whole.]
>
> People can reduce their expenditures for other things, but they cannot stop eating every day without harming their existence. The purchase of a shirt can be postponed for better days, but hunger cannot wait. ... When the population has to spend most of its income to feed itself, little is left to spend on other goods which though they might be necessary are not essential. That is why, rapidly rising food prices tend to contract sales in other sectors and provoke a decline in production that parallels falling consumption. Once again, the people must bear the burden for these misguided economic policies since unemployment and misery are the final consequences of this process of industrial and commercial paralysis.[1]

The attack on the working class' living standards was accompanied by a severe repression of the Peronist movement, not only on the political level, but on the economic too with the mass arrests of Peronist union leaders. Along with this "came a series of clumsy attempts by anti-Peronist union leaders, Communists and Social Democrats, to take over the unions." These attempts and the repression against the movement only served to "unite the workers in a spirit of solidarity and to rehabilitate Peronism as the focus of working class allegiance. The Communists and the rest came to be regarded as traitorous collaborators of a reactionary government."[2] The repression of Peronism came to take on the character of an intense class struggle between the workers, on the one hand, and their employers and the state, on the other. The working class' experience during this period made it crystal clear that the state was the instrumentality through

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[1] Juan D. Perón, Los vendepatria: pruebas de una traición (Buenos Aires: Editorial Freeland, 1972), pp. 103 and 106. My translation. It is worth noting that the latter part of the argument speaks not only to the working class, but also to those sectors of the national bourgeoisie based on the production of wage goods. This approach was used most effectively to lure these sectors back into the movement, resulting in Peronism's resounding electoral victory of 1973.

[2] Rock, p. 201.

which their bosses sought to raise the rate of exploitation in both absolute (lower wages) and relative (layoffs and speed-up of production) terms.

In the decade after Perón's overthrow, the workers' economic struggles of necessity took on a political nature and were explicitly linked to Peronism. Wage raises, when they were obtained, came as a result of strikes and these were almost always bitter and protracted affairs in which the government usually intervened directly in attempting to crush them through military force, often declaring them illegal and instituting mass arrests. For example, the metal workers' strike of 1956 lasted for six weeks during which time the government distributed leaflets in working class districts urging shopkeepers not to extend credit. Thousands were dismissed. Tanks and troops patrolled neighborhoods around the plants. Police entered bars and ejected strikers. The strike committees were forced to operate clandestinely and their members lived like hunted men. The contrast with the bygone Perón era, when the state would have been sympathetic and probably have intervened positively on their side, could not have been starker.

As a reflection of the income redistribution toward the wealthier sectors, the workers' share of gross national income consistently declined in the post-Perón decade whereas in the previous decade it had generally gone up, even during those times when their real wages went down. Significantly, the decline in the workers' living standards in the late fifties and into the sixties, occurred in the context of a steady, even if slight, growth of the economy. The workers could see that their declining living standards were a direct result of the government's attack on the unions and of government imposed wage freezes. Again, this was in sharp contrast

to their experience under the Peronist state.

The concurrence of the attack on workers' economic position with the political repression of the movement led to, and hastened, the process weakening Peronism's populist class alliance features, while accentuating those aspects that stressed class solidarity and militancy. In the 1955-65 period, Peronism became a doctrine of working class struggle. As the government's role in income allocation became more central, the economic struggle was politicized more and more. Since the material conditions making a populist coalition possible no longer held and the gains of one group increasingly came at the expense of those of another, and since the groups controlling government had moved politically against Peronism, even the economistic struggle of workers for better wages was closely associated with the Peronist struggle for political power. Even the "up" segments of the cycle, when workers were able to reverse the diminution in their share of income distribution, all were achieved at the cost of bitter and protracted struggle. Hence, though workers' real wages actually rose at several points during these years, rather than decreasing, this trend intensified class militancy. For the reasons just mentioned, this class militancy came to be expressed politically through that side of Peronism that tended in the direction of a socialist resolution of the contradictions of dependent capitalist development.

Overall, the struggle of different groups to maintain their real incomes "spawned a Hobbesian world of strife and competition."[1]

> The changes which occurred in the distribution of income were particularly felt. They meant not only changes in relative income positions, but also that the losing group was likely to suffer a

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[1] Rock, p. 195.

> decrease, often of a substantial nature, in its absolute income as well. The struggle for relative shares was also a struggle to maintain absolute positions, and in any given year there were always important groups which could point to a deterioration in their real income level. In such circumstances the conflict is likely to be a bitter one.[1]

Not only did this situation lead the workers to rally ever more firmly and in a united way around Peronism as their arm in this struggle, but also in this chaotic context of constant ups and downs, Peronism assumed a relative coherence and stability that disguised its intrinsically eclectic nature.

With the defection of the military and the industrialists into the new coalition in power in the decade after Perón's overthrow, Peronism was stripped of its multiclass character and left as a workers' movement. At first, the workers represented the only significant opposition to the process of denationalization. Thus at their plenary meeting held in Rosario in 1959, the grouping of Peronist unions known as the "62 Organizations," through their coordinating committee issued a policy document rejecting the Frondizi government's economic program:

> . . . we resolve to energetically oppose this economic policy which signifies a retreat in our country's advance. . . . They are trying to take us back to a nation exporting raw materials and importing manufactures which until 1944 placed us in a position of a colony. We reject the economic system supported by the IMF. . . since it signifies quite plainly the exploitation of man by man.[2]

Peronist doctrine, as expressed by Perón, remained a multi-class-oriented nationalism. However, the workers were the only class to remain

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[1]Rock, citing E.C.L.A., Economic Development and Income Distribution in Argentina (New York: United Nations, 1969), p. 136.

[2]Documents of the Plenario Nacional de las 62 Organizaciones (mimeographed).

consistently loyal to the populist-nationalist project.[1] Deserted by their bourgeois "allies" in the darkest hours, it is not surprising the Peronist workers should have interpreted the ambiguities and contradictions in Peronism's populistic anti-imperialism in a socialist direction and that the movement should have gradually evolved towards a Marxist perspective. Significant elements within the industrial working class had moved quite far along in this direction, a fact which translated into one of the key contradictions upon which Peronism's second tenure in power foundered. Perhaps the most combative and class conscious to emerge among the industrial proletariat were the automobile workers, an important sector in the dependent industrial economy that developed after 1955. The following excerpts from a statement issued during the occupation of a Fiat factory in March of 1971 are illustrative:

> The seizure of the plant is also a measure of struggle which reflects high combativeness, an act of recovering what is ours, what has been built with our sweat and sacrifice. With each occupation we advance a little toward what will be the culmination of this struggle: the total recovery of what has been expropriated from us by the oligarchy and the imperialists--our labor, the means of labor, and its fruits. . . .
>
> We must set forth our form of struggle for ourselves, which naturally does not mean confrontation before we have sufficient strength. We must strike where and when it hurts, where the enemy is weak, and little by little, along with the armed vanguards such as the Montoneros, the FAP, the ERP, the FAL, and the MRA,* we will proceed to exhaust the regime, destroying this system on all sides. We must never lower our guard. If Lanusse** has declared the imperialist and capitalist war on us, we declare revolutionary war. . . .
>
> We must bear clearly in mind that this struggle is a long one, that no battle is the final one. Our struggle is not to win crumbs, but for final liberation through the seizure of power by

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[1] Trotskysts have pointed to this fact as justification for their position that the working class' interests are the only ones to truly coincide with the nation's interests in a dependent situation. Among the Peronists, Juan Pablo Franco also argues this position. See his "Notas para una historia del peronismo" published as a monograph by Envido: (Buenos Aires--Revista de Politica y Ciencias Sociales, n.d.).

> the workers' class and the exploited people in order to bring about a free, just, and sovereign fatherland, an Argentina with neither oppressors or oppressed, in other words, a national and socialist revolution.[1]

This statement shows an important aspect of the radicalization of Argentine workers in this period. Expressed through strike waves and factory occupations, their demands were generally of a political nature that went beyond "bread and butter" issues. As we may have seen, the militance and political consciousness of Argentina's workers had been evolving progressively from the late fifties on. For example, some of the components in the program of the Peronist unions articulated by the mesa coordinadora of the "62 Organizations" on August 23, 1963, included:

> exchange controls and tariffs to protect Argentine industry
> diversification of exports
> agrarian reform to eliminate latifundios
> nationalization of transport, means of communication, basic industries and all sectors which might lead to the formation of monopolies
> nationalization of bank deposits and severing ties with the IMF
> repudiation of all contracts with foreign oil companies
> rejection of all agreements granting privileges to foreign capital
> controls on repatriation of profits
> policies promoting full employment
> fixing of maximum prices and limits on profits
> priority for social investments in housing and education
> socialization of medicine.[2]

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[1] Reproduced in Urban Guerrilla Warfare in Latin America (Cambridge, Mass.: MIT Press, 1974) edited by James Kohl and John Litt, pp. 377-8.

*The Montoneros, FAP and MRA were Peronist guerrilla groups. The ERP was the armed branch of the Trotskyst Partido Revolucionario de los Trabajadores, while the FAL was a Marxist-Leninist guerrilla group. Another guerrilla group, not listed in this communique, but which was active at the time, was the Fuerzas Armadas Revolucionarias (FAR). It attempted to explicitly synthesize the Marxist and Peronist amalgam by defining itself as Marxist-Leninist-Peronist, Marxism-Leninism being considered an instrument for social analysis and Peronism an expression of the experience of the Argentine masses.

**Alejandro Lanusse was the last general to rule before Perón's return, which he negotiated as a means to end the socio-political and economic turmoil threatening to spill over into socialist revolution.

[2] Justicialismo (October 1963).

This type of orientation and the demands that flowed from it condemned to failure the attempts of the more liberally inclined regimes to co-opt the CGT by winning over key leaders with promises of better wages and benefits for their rank and file. Instead, these "leaders" found themselves thoroughly discredited and alienated from their consitutency. In this way, by resting on a working class whose adherence to the movement was founded on a politicized class loyalty, Peronism was strengthened. This was the secret behind the solidity of the Justicialist[1] movement in its years out of power and constituted the chief reason why the movement was not hopelessly splintered by shifting political situations and appeals to moderation or pragmatic compromises, often engineered by Perón himself.

The workers' militance reinforced the position of those who favored a hard line approach. Despite the severe repression however, Justicialism continued to grow and remained the major political force in Argentine society. As a result, though the multinational corporate and internationalized national bourgeois sectors were dominant within the state apparatus and had their interests implemented in policy, they lacked a significant political base among the masses. This contradiction took the form of an unending wave of strikes, factory occupations, urban riots, and finally urban guerrilla warfare. These were the conditions that finally forced Argentina's rulers to call Perón back from exile in 1973.

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[1]Though Perón coined the term "Justicialismo" in 1949, it did not gain currency until the late sixties. Then it came to stand for the movement's commitment to social justice.

Political Failure of Dependent Industrialization and the Reemergence of Populist-Nationalism

The disjuncture between the economic predominance of the multinational corporate sector and its inability to command the allegiance of a stable political coalition strong enough to translate economic predominance into a generally accepted, coherent developmental project, provides the key to unravelling the common thread underlying the chaotic events of the 1955-73 period.[1] As we saw, the Peronism of the fifties generated the conditions that led to a new economic stage centered around multinational corporate interests. In the first decade following Perón's overthrow, these interests successfully consolidated their economic predominance but failed to achieve political hegemony. On the level of controlling and using the state apparatus for its purposes, "the so-called 'Liberating Revolution' of 1955 was, perhaps, the last organic attempt on the part of the agrarian bourgeoisie to maintain its hegemonic role in the dominant bloc.* Following this failure, Frondizi's alternative appeared in 1958." According to Portantiero, the economic project of 1958-62 in turn, failed because it attempted to "simultaneously maintain levels of protection for national capital, . . . transfer revenue to the agrarian bourgeoisie and . . . guarantee high profits for monopoly capital."[2] The Onganía coup

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[1] I am paraphrasing Juan Carlos Portantiero's excellent Gramscian analysis of the Argentine situation between the two Peronist periods. See Latin American Perspectives 1 (Fall 1974 issue devoted to "Argentina: Peronism and Crisis"), 95-120.

*It was not to be the last attempt. After the second overthrow of Peronism in 1976, Argentine history once again continued on its cyclical path. General Videla's Economic Minister, Martinez de Hoz, rebuilt the economy on the interests of the agro-exporting oligarchy with the strong participation of the multinationals as junior partners.

[2] Ibid., p. 103.

sought to salvage the situation by narrowing its economic policies to an unhampered pursuit of monopoly capital's interests. In this way "the armed forces completed in 1966 a political cycle whose first version had broken out in 1955 with the defeat of Peronist popular nationalism."[1]

The Onganía government represented the most cogent attempt to forcefully push aside all residual nuclei of oppositional groups. "It now appeared that the complex competing 'horizontal' and 'vertical' pressures from the past had been finally superseded by a united and purposeful military dictatorship."[2] The Krieger Vasena plan promulgated by Onganía's Minister of the Economy was the clearest and most unencumbered attempt to implement policies favoring the interests of the multinational corporate sector. However, though it was economically predominant and though the state promoted its interests, because it lacked a significant social base, the multinational sector was unable to extend its economic predominance into political hegemony. The generals could no longer overlook this fact when students and auto workers protesting the government's economic policies seized control of the city of Córdoba in May of 1969. Troops had to be brought in, and it was only after several days of fierce fighting that this insurrection known as the cordobazo was finally brought under control.

The Krieger Vasena program's impact went beyond adversely affecting the working class' living standards. With its aggressive orientation towards creating the conditions for a "competitive society" free from the constraints of "outmoded" economic and social structures--i.e., protectionism--it also hurt the position of the smaller national entrepreneurs. On

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[1] Portantiero, p. 102. [2] Rock, p. 209.

the political level this was coupled with an across the board attack on all political parties as the corrupt remnants of the old order standing in the way of a clean sweep. All parties were thus "placed on an equal footing in the ranks of the opposition" and, for the first time, "Radicals and Peronists found themselves in the same camp."[1] In this way, economically and politically, the conditions were set for the reemergence of the viability of Peronism's class alliance formula.

In the years before Perón's return, these conditions reemphasized the ambiguous nature and the contradictory role of Peronism. On the one hand, it became the expression of working class struggle against multinational capital which was evolving into an increasingly class conscious opposition to capitalism; and, on the other hand, it also reappeared as the residual populist-nationalist formula of class alliance between the national bourgeoisie and the working class and popular sectors. This was the internal contradiction that tore Peronism apart within less than two years from when Perón resumed power.

It was also in the period after the cordobazo that guerrilla war against the regime became a real factor. As noted above,[2] several Peronist and Marxist groups were active in those years. On the Peronist side the most significant of these came to be the Montoneros who first gained national notoriety with the capture and subsequent execution of General Pedro Aramburu who had been the architect of the most severe anti-Peronist repression of the fifties. The Montoneros took their name from the legendary Gaucho hordes that had provided the military backbone for the independence war and later the many caudillos from the interior

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[1] Rock, p. 210.

[2] See p. 353 above.

who sought to extend their authority.[1] On the Marxist side the most significant group was the Ejercito Revolucionario del Pueblo (ERP), the armed wing of the Trotskyst Partido Revolucionario de los Trabajadores.

The Peronist left of the late sixties and early seventies had moved in a Marxist direction to the point that they agreed with the Marxist left on ultimate objectives, but not enough to overcome tactical differences over how to relate to the bourgeoisie and over the role of the vanguard. The Peronists believed in taking advantage of divisions within the bourgeoisie. Concerning the role of the vanguard, they believed it necessary to adjust to the level of consciousness reached by the masses. To go beyond this level, would push the movement into a position where it would be alienated from the masses. The ERP, on the other hand, believed it essential to take "advanced positions" in order to educate the masses and thereby forge their combativeness into an effective struggle. They argued that there was no national bourgeoisie to speak of and that the sectors usually referred to under this category, were in fact mere appendages of international capitalism.

Before 1973, these differences were secondary and the guerrilla groups actively cooperated with each other often mounting joint military operations. Indeed, before he returned triumphantly, Perón did not openly criticize the ERP, much less the self-professed Peronist guerrilla groups. Not only did he refuse to discourage guerrilla activity, which he termed merely a tactic in an overall strategy, he let it be known that such actions had his blessings. In exile Perón masterfully applied the same techniques

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[1]Probably derived from the word amontonar, to pile up. That is, the helter-skelter gathering together in one location of these "cutthroats" and "brigands" who otherwise led solitary and isolated lives in the vastness of the pampas.

that had served him so well to gain power and then retain it for over a decade. With ambiguous statements he led diverse groups to believe that, deep down, he was the true champion of their interests. He appealed to the inclusiveness of Peronism's populist-nationalist tradition to project the image that only a Justicialist regime could peacefully mediate between the forces tearing apart Argentina's social fabric. In forging a broad-based, multi-class coalition around his movement, Perón was both aided by, and in turn, further intensified the severe repression of the military in the Onganía period which succeeded in pushing the bourgeoise opposition towards the Peronist front.

With their reentry into the Peronist led coalition, the sectors comprising the national bourgeoisie completed the cycle that began with their defection from Peronism in the mid-fifties. Their tacit approval had been one of the factors ensuring the success of the 1955 coup. Far from being beneficiaries however, their interests came under almost immediate attack in the economic policies of the various anti-Peronist regimes. The CGE which had represented the interests of the smaller producers was dissolved in December of 1955 while the UIA, in April of 1956, praised the "liberating revolution" on the grounds that it would reject "indiscriminate and absolute" protectionism.[1]

Looking at the 1955 coup in class terms, the military had acted as the instrument of a bourgeoise-oligarchic alliance directed against Peronism because of its inability to definitively strip itself of its working class ties. Once working class interests were removed from official policy, the alliance fell victim to its internal contradictions. It

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[1] Cúneo, p. 231.

> had been originally held together by the recognition on the part of the industrialists that to achieve further industrial growth it was necessary to increase agrarian production and exports, and thus escape the balance of payments constraints on capital goods imports. But during the latter 1950s and the 1960s the terms of trade problems showed few signs of improving significantly. At the same time agrarian production failed to respond adequately to price incentives. As a result this development strategy increasingly lost adherents.[1]

Within the industrial bourgeoisie itself, contradictions between its national and multinational sectors prevented it from remaining a secure base for anti-Peronism. Indeed, the inability to resolve these divisions became one of the key factors in Perón's return. Initially, the post-1955 regimes were quite antagonistic toward some of the small business sectors, particularly those from the interior, which had constituted an important part of Peronism. By 1958 Frondizi could no longer ignore their interests. Responding to a campaign by regional groups from Northern Argentina to have their special needs recognized, he revived the CGE.[2]

Complex and contradictory political and economic developments characterize the eighteen year period of Perón's exile. In the end Perón was brought back because the attempts to forcefully resolve the contradictions between and within classes failed. The working class was brutally suppressed but its resistance developed into a combativeness that could not be contained. The multinational sectors of the bourgeoisie made tremendous gains and took control of the dynamic branches of industry but the national bourgeoisie, far from disappearing, remained a significant part of the economic picture. Indeed, it may well have been their lack of sufficient "economic predominance" which prevented the multinational sectors

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[1] Rock, p. 197. [2] See Cúneo, pp. 233-42.

from achieving full "political hegemony." And, in turn, lacking sufficient "political hegemony," they were unable to impose the conditions needed to achieve full "economic predominance." Hence, when the most clear-cut, unemcumbered monopolistic multinational project was set in motion after Onganía's coup in 1966, the groups whose interests were in contradiction to it, coalesced and the regime was increasingly unable to cope with their opposition from the cordobazo of 1969 on.

Peronism's survival and growth, both as an expression of working class resistance and militance and, after 1966, as a revival of the populist-nationalist alliance between the workers and the national sectors of the bourgeoisie, was a chief reason for the military's inability to transform economic predominance into political hegemony for the sectors of the bourgeoisie centered around the multinationals' interests. Conditions just before Perón's return forced the military to invert the model it had been pursuing. The assumption had been that, since the interests of other sectors could be ignored, impressive economic results would be achieved through the use of the military's coercive power behind a project facilitating accumulation for the monopoly and multinational sector. These results could then be used by the multinationals as the material basis for cementing a new coalition under their hegemony.[1] Instead of achieving the hoped for results, the repression necessary to imposing this project intensified working class militance and brought the bourgeois sectors back into the Peronist opposition. With repression backfiring, the military reversed its strategy. With General Alejandro Lanusse taking the reins of power in March of 1971, the thinking now was that only if political stability

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[1] Juan Carlos Portantiero makes this point in "Dominant Classes and Political Crisis in Argentina Today," Latin American Perspectives 1 (Fall 1974), p. 106.

could be achieved, would economic development take place.[1] This was the reasoning behind the negotiations that eventually resulted in Perón's triumphant return.[2]

The return of the petite bourgeoisie, national capitalists, and other bourgeois sectors into the coalition grouped around Peronism was one of the key factors which made Perón's return possible. Promoting their interests, at least initially, played a very significant part in the policies that reformulated populist-nationalism to the new context of the seventies. Once again, the attempt to simultaneously promote the interests of the working class and the national sectors of the bourgeoisie proved to be an untenable venture. Again the experience of the second Peronist period replicated that of the first: as the contradictions in its populist-nationalist formula intensified, the regime's policies were increasingly oriented toward the interests of the monopolistic multinational bourgeoisie. The next section explores this dynamic further.

It is important to note that though the reentry of bourgeois sectors into the Peronist coalition was an important factor making Perón's return possible, they were not the driving force behind it. The single most important factor behind Perón's being brought back into power was the workers' militant opposition which generated such turmoil that it undermined industrial peace and tranquility. As a result of their militance therefore, the workers undermined one of the essential conditions for a dependent industrial economy: the general prevalence of industrial peace and a certain degree of political stability.[3]

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[1]Portantiero, p. 117.

[2]See Alejandro Lanusse, Mi testimonio (Buenos Aires: Lassere, 1977), Chap. 6, for his version of the Peronist restoration.

[3]See p. 329 above.

Political stability and industrial peace was the promise Perón held out to the groups in power. Thus the stage was set for his return in 1973 with their approval. They had not been able to achieve "normalcy." Their need for the displacement or reformulation of increasingly tense social unrest which seemed to everyone to be leading Argentina in a revolutionary direction, was so great that they were willing to take a chance on Perón. "Perón is the only one who can quiet things down," was the statement frequently heard in business circles before 1973. A few years later that "quiet" seemed further away than ever. Though the political context had shifted, it was not long before the contradictions of prior years re-emerged, and this time, in a more virulent form. Just as they had been the main force behind Perón's return, the workers and the militant struggles they waged provided the chief contradiction which undid the second Peronist regime.

Second Peronist Period

The second Peronist regime attempted to recreate the same coalition of classes around itself as in the first period, only under very different conditions. But while Perón had been able to balance-off contradictory class interests to keep his regime in power for a decade, the second attempt was short lived, lasting less than three years. Using the dependency theory approach adapted from Cardoso and Faletto, what internal and external conditions were responsible for the disastrous failure in the seventies of the modified version of populist-nationalism from the forties and fifties?

The attempt to find the basis for an alliance between labor and the national bourgeoisie was doomed from the outset. To begin with, Perón faced a major contradiction with his working class base. Perón had depended

on the workers' militance to bring him back to power. At key points before he regained power, his movement had been held together by becoming a workers' movement based solely on working class interests. These were to be achieved through the militant mobilization of the class towards the seizure of political power. However, once in power, Perón's concern was to solidify an alliance between the working class and the middle sectors of Argentine society. He focused the Justicialist movement's politics on conciliation and integration. To forge this alliance with the middle sectors, Perón had to be able to deliver political tranquility and labor peace. He had to suppress the more revolutionary inclined among his followers who were calling for a socialist Argentina based on their interests and power. The fact that more than twice as many leftist militants were killed in the two years that Perón was in the presidency than in the eighteen years that he was in exile shows the extent to which Perón repressed the left both within and outside of his movement.[1] Not only did this campaign fail, but in the process Perón isolated himself from the people who were most responsible for his regaining of power and who constituted his strongest base of support. This became especially apparent after Peron's death in July of 1974 when Isabel Perón's government was stripped of the last element holding Peronism together, Perón's personal charisma.

Contrary to the hopes of the Peronist left, Perón had not changed his opposition to fundamental changes in the social relations of production. Again there was an effort to gain the allegiance of the working class by con-

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[1]According to Alvaro Luna, "Peronismo: análisis de un movimiento," reprinted in Denuncia (New York), July 1976, p. 9. Because of the clandestine nature of the antagonists on both sides and the passionate views surrounding the subject, there are no reliable figures on the casualties of those years. However, there is no doubt that the intensity of the struggle and the numbers involved far surpassed previous levels.

trolling the centralized union leadership and providing material benefits for them to deliver to the rank and file. The attempt was to replicate the success achieved in the forties in undercutting class struggle through redistributive reforms. Indeed, in this respect the first measures of the Cámpora government[1] in May and June of 1973 bore a striking resemblance

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[1]Dr. Hector Cámpora, standard bearer of the Frente Justicialista de Liberación (Frejuli), was elected to the presidency on March 11, 1973, with 49.56 percent of the popular vote. Only the Union Cívica Rádical (UCR) obtained barely over 20 percent of the vote (21.29%), all other parties gaining less than 15 percent. The Peronists won all the governorships, 45 of 69 senatorial seats, and 142 of the 243 seats in the lower house.

The March 1973 elections thus represented the latest instance in the series of consistent electoral successes scored by Peronism when it was allowed to participate. Prohibited from electoral competition in 1958 and 1963, Peronists were allowed to participate in 1962, 1965, and 1973. Because 1962 and 1965 were congressional elections, they were allowed to compete since Perón would not be running. Nevertheless, the results were nullified by the military who removed Frondizi and Illia from office after the Peronists secured a plurality in those elections. In addition, the Peronist candidate for governor of Buenos Aires in 1962, Andrés Framini, a former textile worker and secretary general of the CGT at the time, won by a large majority.

Given this record, it is difficult to see the basis in 1973 for the military's calculated gamble that the real possibility of a Peronist victory would galvanize a majority anti-Peronist coalition. Of course, General Lanusse was well aware that his gamble might fail. In the negotiations leading to Perón's return and the dropping of outstanding charges against him, Perón had to agree not to run for the presidency. Instead, he chose Cámpora, a devoted and loyal Peronist on whom Perón counted to follow his orders. As it turned out, he was quite right in this assessment. When Perón asked Cámpora to resign shortly after his election, thus allowing Perón to run for president in the special elections called for September 23, 1973, Cámpora willingly obliged. In the September elections, Perón received an overwhelming mandate, gaining 61.85 percent of the vote against Balbín's (UCR) 24.34 percent.

For Peronism's electoral appeal, see Manuel Mora y Araujo and Peter Smith, "Peronism and Economic Development: The 1973 Election" in Frederick C. Turner and José Enrique Miguens (eds.), Juan Perón and the Reshaping of of Argentina (Pittsburgh: University of Pittsburgh, 1983), pp. 171-87; and also Lars Schoultz, "The Socio-Economic Determinants of Popular-Authoritarian Electoral Behavior: The Case of Peronism," American Political Science Review 71 (1977): 1423-46.

to those employed by Perón to consolidate himself in power in 1943 and 1944. The prices of most essential commodities were actually rolled back and workers' wages were raised by twenty percent. In contrast to the first Peronist period, this was done at a time of the most acute spiralling inflation. Such different conditions made it impossible to replicate the success achieved with the populist-nationalist formula in the earlier period.

Just before Perón's return, Peronism was perceived by the left as a stage in the revolutionary process of social and national liberation, by the national bourgeoisie as a chance to extend political space and recuperate some of the ground lost to foreign monopoly capital, and by the native and foreign monopoly establishment as a last line of defense against revolution.[1] While favorable economic conditions allowed Perón to build a broad social base and enabled his regime to contain and postpone the contradictory interests promoted by his populist-nationalist policies the first time around, adverse economic conditions rapidly brought out the contradictions in the populist-nationalist program of the seventies, despite the fact that this time the Justicialist regime already had a broad base of support.

Explicitly recreating the populist-nationalist alliance, the Justicialist regime sought to base its economic and social policies on the pacto social signed shortly after the elections on May 30, 1973 by the Department of Finance, the Secretary General of the CGT, and the President of the CGE. The CGE, for the employers, pledged to maintain price stability, the govern-

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[1]This compendium of perceptions of Peronism by the significant sectors of Argentine society is from J. E. Corradi's introduction, "Argentina and Peronism: Fragments of the Puzzle," to the Latin American Perspectives 1 (Fall 1974 issue on Peronism): 14.

ment promised long-run economic reforms, and (having obtained limited increases prior to signing) the CGT pledged to make no wage demands for two years.[1] With this pacto social the Justicialist regime was picking up where the previous populist-nationalist episode had left off with the "National Congress on Productivity and Social Welfare" held in early 1955. As Alberto Ciria aptly notes, they both amounted "to the same idea of a social pact between labor and management under the state's tutelage."[2] Interestingly, the CGE's President, José Gelbard, almost immediately became the Minister of the Economy with responsibility for overseeing the implementation of the pacto. This was an indication of the rapidity with which the populist-nationalist state the second time around moved in the direction of the capitalist pole in the contradictory class alliance it sought to forge.

The continuity in the programmatic thrusts of the first and second Peronist periods is clearly reflected in the contents of the Three Year Plan (TYP) announced by Perón in late 1973. The plan, which was to cover the 1974-7 period, set out its aims in three general areas. It emphasized the full realization of social justice which it defined as an equitable distribution between the efforts and fruits of development. It translated this aim into a commitment to an accelerated redistribution of income which re-

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[1]The pacto social can be found in the Review of the River Plate (Buenos Aires), June 19, 1973.

[2]Alberto Ciria, "Peronism Yesterday and Today" in Latin American Perspectives 1 (Fall 1974), 28. For Peronist economic policy of the second period, see Juan Carlos de Pablo, Economía política del peronismo (Buenos Aires: El Cid, 1980).

sults in a growing participation of wage earners in the national product.[1] Specifically, the plan proposed to raise per capita income by 35.5 percent in the three year period.[2] The TYP also proposed establishing ceiling prices for key goods as a means of preventing the passing along of increased labor costs and thus the erosion of income gains of wage workers through inflation.[3] The plan also spoke of a fundamental modification of productive and distributive structures towards a new model of production and consumption. By this no more was meant than had already been contained in the previous Five Year Plans. The existing productive model was characterized as oriented to satisfying the demands of the high and medium income markets and this would be changed to producing more and better quality goods for popular consumption.[4]

Like the previous plans, the TYP did not envision any alterations in the social relations of production. Its proposals were based on the same foundation as the programmatic thrust in the earlier populist-nationalist formula: to simultaneously provide benefits for workers and national entrepreneurs. Hence the second major area in its aims emphasized a rapid and strong expansion of economic activity. The plan called for doubling the growth rate of the previous decade. This would provide the necessary base to achieve a high degree of well-being for all Argentines and the international position that would liberate the country from its condition of dependence, stagnation and disequilibrium.[5]

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[1] I am paraphrasing this and following highlights of the TYP as they are contained in a popularized version widely available in Argentina at the time: Juan Perón en la Argentina 1973 (Buenos Aires: Ediciones Síntesis, 1974), pp. 260-1.

[2] Ibid., p. 253. [3] Ibid., p. 258. [4] Ibid., p. 268. [5] Ibid., p. 261.

The expectation that the TYP would realize the material base necessary for providing a high degree of well-being for all Argentines as well as freeing Argentina from external dependency was not quite as fantastic as it appears at first sight, though it clearly was a short-lived hope. For a brief but critical time, the confluence of factors on the international scene were advantageous for Argentina. The United States' globally dominant position was dealt a serious blow in Vietnam and Cuba and there was intensified competition from Japanese and Western European interests for the world market in general, and within Argentina specifically, particularly by the Europeans. In addition, the militance of Argentina's working class, which in recent years had often taken the form of opposition to the denationalization of the industrial sector, strengthened Perón's hand in his attempts to gain a more prominent role for national capital, without even having to raise the specter of expropriations. Hence, analagous to Perón's severe attacks on the oligarchy on the level of rhetoric without challenging their material base during the first period, Perón was now able to preserve his anti-imperialist credentials without having to confront the interests of the multinational sector within the economy directly.

Perón very astutely used his "Third Position" on the level of international relations to strengthen national capital and open up new markets for Argentina. In his public pronouncements during his exile, Perón was fond of stressing how his regime had been a precursor of the Third World movement. He pointed to the "Third Position" in his government's foreign policy which he characterized as a rejection of both Yankee imperialism and Soviet communism. In this way Argentina showed the Third World an alternative to acquiescing to the dominance of the superpowers. Con-

veniently ignored was the fact that Argentina's Third Position in world affairs of the fifties was largely confined to the realm of rhetoric. By 1973, however, the Cámpora government applied the lessons learned by Third World nations in playing the cold war antagonists off against each other. Among its first official acts, the Cámpora government extended diplomatic recognition to socialist bloc countries which, in turn, was soon followed by growing trade relations.

An important component of the TYP was the attempt to open up new areas of the international market within the socialist bloc. Commercial agreements were signed with Cuba, Czechoslovakia, and North Korea and negotiations were initiated with Poland, Romania, and China. It was in this aspect of opening up new areas of trade that the TYP showed the only significant departure from the previous five year plans. While it was only a trend, Soviet bloc countries did make inroads "into Argentina's traditional trade flows with U.S. and Western European suppliers, especially in heavy equipment industries."[1] In the early fifties, though with no great enthusiasm, Argentina nevertheless did dutifully line up on the U.S. side of the Cold War. By contrast, the Soviet Union never enjoyed a closer political and economic relationship than during the second Peronist period. For example, in May of 1974 the U.S.S.R. granted $600 million in loans to allow Argentina to buy Soviet hydro-electric generating equipment.

Another example of the use of the Third Position in opening up new areas for the Argentine economy were the brief but significant commercial

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[1] Business Latin America, July 10, 1974 as quoted in NACLA, Argentina in the Hour of the Furnaces (New York, 1975), p. 45.

relations with Cuba. Cuba provided a market not only for agro-pastoral goods but also for industrial commodities produced by both the national and multinational sectors. To circumvent the U.S. embargo, the Cuban government had expressed an interest in purchasing cars, buses and trucks produced in Argentina by the subsidiaries of U.S. corporations. The Peronist state let it be known that any attempt by the U.S. State Department to enforce the embargo against Cuba by restricting the deals negotiated with General Motors and Chrysler subsidiaries would be construed as a violation of Argentine sovereignty. Thus, not only did the government under Perón fail to confront the multinational presence within the Argentine industrial economy directly, but it even used its "anti-imperialism" to drum up some business.

Though the TYP represented a departure in seeking access to socialist bloc markets for "Argentine" goods, it did not differ from previous Peronist plans in its orientation towards increasing productive output without contemplating changes in the underlying social relations of production. Moreover, it envisioned a continuation of the same dual industrial development of the earlier period which would continue to rest on an export base of primarily agricultural products. The TYP's goal was to double exports in order to be able to import the goods necessary for continued growth and be able to do so while maintaining a favorable balance of payments.[1] The TYP stressed at length that the principal emphasis in its policies for industrial development was to stimulate businesses with national capital and reverse the process of denationalization. It proposed

[1]See Juan Perón en la Argentina 1973, p. 253.

strengthening the role of small to medium size enterprises as well as the state's participation in basic industry.[1] With respect to the latter it proposed to nationalize and coordinate the public sector through a Corporation of National Enterprises designed to remedy the absence of a cohesive policy and the dispersion of power in internal and external purchases.[2] At the same time, to promote the sector comprised of small to medium sized enterprises and assure national entrepreneurs profitability, the Corporation of Small to Medium Size Enterprises would function to make available the services and facilities enjoyed by large businesses such as replacing equipment, financing, technology, vertical and horizontal integration, coordination of purchases, and outlets for exports.[3]

In addition to the full realization of social justice and the strong expansion of economic activity, the TYP announced its third major area to be the achievement of growing participation by all Argentines in the managing of the state's affairs. In this connection the plan speaks of developing the citizenry's decision-making abilities and increasing their capacity for participating in the process of change leading to a more just and independent society.[4] While the TYP fell short of achieving the aims set out in its first two major areas, it failed dismally in carrying out the goals of this third area. Indeed as its shortcomings in the first two areas became apparent, the regime dropped its commitments in the third area all the more.

The TYP failed for the same reasons that the FFYP and SFYP had failed. It attempted to implement a viable model for national capitalist development within the framework of a basic commitment to the avoidance of

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[1] Juan Perón en la Argentina 1973, p. 267. [2] Ibid., p. 270.
[3] Ibid., p. 271. [4] Ibid., p. 262.

class struggle. Like the earlier efforts it assumed it could find and nurture the means for a developmental process that would benefit both workers and native capitalists alike. It also assumed that indirect controls on the government's part would be sufficient to counter dependency on external interests. The major difference with the FFYP and SFYP was that dependency on the international system in the seventies was present more directly within the Argentine economy than it had been in the forties and fifties. The nationalization of the railroads, creation of the Central Bank, and I.A.P.I. were an adequate response to foreign interests in the externally oriented growth model since these were largely in the transportation, finance, and commercial sectors.[1] By contrast, creation of a Corporation of National Enterprises and a Corporation of Small to Medium Size Enterprises seemed a weak response to the entrenched presence of the multinationals in the most dynamic sectors of the industrial economy. The automotive and farm machinery industries provide a case in point. There was significant national production in these areas during the first Peronist period; by 1963, 97 percent of auto and truck manufacturing was controlled by European and U.S. companies, while they also controlled 88 percent of tractor production. In 1969 these industries alone employed 11 percent of Argentine industrial workers. The dynamism of this sector was revealed by the fact that between 1963 and 1969 its productivity grew at an annual rate of 6.7 percent while employment increased by only 0.7 percent and wages by 3 percent.[2]

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[1] It must be reemphasized however that the failure to confront the landowning oligarchy directly through expropriations, constituted a fatal flaw.

[2] Figures are quoted in "AIFLD Losing its Grip" in N.A.C.L.A.'s Argentina in the Hour of the Furnaces (New York, 1975), p. 69.

According to the TYP itself, its success or failure depended on two key assumptions, increased exports and increased savings. Doubling exports would allow the national economy to obtain the imports needed for increased production without inducing an unfavorable balance of payments. Doubling of exports was assumed to be a feasible proposition in the plan if a) agricultural production increased considerably, b) tendencies in the world market for Argentine goods made for favorable prices, and c) the export of industrial goods expanded to the point of constituting a significant component of Argentina's foreign trade. The latter two premises involved factors mostly outside of the Argentine government's control, while it could only exercise direct control over the former if it were willing to alter existing relations of production. According to the second key assumption, the plan's success or failure would be decided by the savings of both wage earners and "others." The consumption of workers was expected to increase,but in lesser proportion than their contribution to productivity. The TYP reassured workers by noting that their "savings" would be compensated for with increased deliveries of social services by the state.

The TYP rested on the same model of accumulation as the FFYP and SFYP had and therefore contained the same contradictions. It basically depended on a favorable international context for Argentine exports in order to be able to deliver the benefits promised simultaneously to wage earners and national entrepreneurs. Because of the state's inability to control the impact of the dependency dimension, when the international situation did not conform to the premises on which the first key assumption outlined above depended, the state was also unable to deliver the social services upon which the workers' savings in the second key assumption above were premised. Within a capitalist framework, asking workers to consume

substantially less than they produced without any compensation in the form of private or state subsidized social services, meant asking workers to accept declining standards of living. Ergo, a repetition of the contradiction involved in Peronism's demise in the fifties: a populist regime enforcing policies harmful to the interests of the popular sectors comprising its social foundation. Just as then, the alternative would have been the politically very difficult, and socially extremely disruptive one, of altering the social relations of production. That, of course, was precisely what Justicialism with its class conciliationist underpinnings, promised to avoid.

In essence, the Peronist policies of this second period replicated those of the first by recreating the same kind of balancing act between contradictory economic and class interests. Peronism's relations with the dominant external interests were based on providing a profitable situation by guaranteeing labor peace and political stability. On the other hand, the regime sought to enhance its bargaining position with the multinationals through its control of a strong mass movement as a countervailing power. In its relations with the popular sectors, in order to keep them within the ruling coalition and deflect the class struggle against the monopolistic multinational firms, Peronism depended on its ability to deliver material benefits. Hence, though in a different context, by adhering to its populist-nationalist doctrine, Peronism once again contained the basic contradiction between capital and labor and its success or failure once again hinged on finding formulas that could provide greater profits and higher wages at the same time.

Given the constraints imposed by capitalist accumulation, providing real wage increases, and simultaneously, greater profits, depends on the

ability to achieve cumulative expanded production. For this reason, Peronism's success or failure in both the first and second periods, was determined by the conditions which facilitated or impeded the regime's ability to find ways of sustaining increased productivity for the industrial sector. Indeed, this analysis of Peronism suggests that, as a successful governing formula, populism only occurs when the conditions allowing for a period of expanded production are present. Certainly, as the Peronist case clearly shows, populism can play a key part in speeding up the process of rapid economic growth. However, this study suggests that this is only true in those limited situations when the confluence of external and internal factors is favorable. Such favorable conjunctures can only obscure, not overcome, the contradiction of a governing formula encompassing antagonistic class interests which is based on a more equitable distribution of income without altering the social relations of production. Thus, while the regime depends on expanded production for its reforms in the sphere of circulation it remains committed not to interfere directly in the sphere of production.

The populist-nationalism of the forties should not be faulted for its class conciliationist reforms confined to the sphere of circulation. Under the circumstances and in the context of the times, they seemed appropriate and they worked. However, given that the crisis of the fifties brought out their underlying contradictions, it seems inexcusable for Perón to have based his second regime on an only slightly modified recreation of the formulas of the forties. This was especially true since Justicialism's left wing had grown on a critique of past mistakes and saw its role as the movement's conscience in avoiding past inadequacies. Perón missed a unique opportunity, seldom afforded in history, to be able to rectify past errors and limitations.

In its initial phase, the Justicialist regime of the seventies was headed towards the socialist side in its populist-nationalist program. During the Cámpora period, when Justicialism leaned heavily on the forces that had brought Peronism back to power, the government relied on representatives of the left within the movement for carrying out its policies and encouraged popular mobilizations as an instrument of power. Indeed, during this time Justicialism was largely identified with its left and popular sectors. So much was this the case that Hector Cámpora's resignation on July 13, 1973 to pave the way for Perón's candidacy for the presidency can in fact be regarded as an internal coup by the right wing of the movement. Though not clearly recognized at that time, Cámpora's replacement culminated the struggle between the right and left of the movement, the adherents of patria peronista and patria socialista, that had come out with such ferocity in the shoot out at Ezeiza Airport upon Perón's would-be triumphant arrival. Though the full implications in the rightward process set in motion with Perón's presidency were not manifested until after his death, the handwriting on the wall was already unmistakable within the nine months that he headed the state.

Illustrative of the differences between the left Peronists espousing the patria socialista and the coterie grouped around Isabel Perón and Lopez Rega promoting the patria peronista is a short piece that appeared in Las Bases.[1] It enumerated the characteristics that set Justicialism apart from

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[1]The article is by Domingo Rafael Ianantuoni and appeared in Las Bases (Buenos Aires) 2 (Mar. 29, 1973). Las Bases was the official organ of right wing Peronism edited by José Lopez Rega. Known as el brujo (the sorcerer), this self professed astrologer was Perón and Isabel's close confidant and their Minister of Social Welfare. To gauge the significance of his official position, one need only recall that Perón used the Ministry of Social Welfare as his springboard to power. Lopez Rega was also generally held to be the guiding force behind the AAA (alianza anticomunista argentina), the right wing death squads.

socialism. Among these it notes that

> JUSTICIALISM seeks to overcome class divisions in society, helping the proletarian to improve his condition and rise to the important rank of "SOCIAL ENTREPRENEUR." It does this through a social stockholder system, since it recognizes private property as inherent to human nature, whereas socialism, by not recognizing private property, maintains the worker in a state of proletarianization, even though it also favors a single class.[1]

Needless to say that the position of "social entrepreneur" did not receive official attention, nor was a system of social stockholdership ever given serious consideration.

As evidenced by the TYP, the political assumption underlying the programmatic thrust of Perón's government in the seventies was his ability to gain a truce in the class struggle and, moreover, obtain the cooperation of the antagonists. In turn, the regime's policies were supposed to further contain class conflict. Choosing his wife Isabel as his running mate, for example, not only served the important symbolic purpose of assuring the Peronist masses that Perón could now carry out even what had been denied to him in the past,[2] but also played a critical function in allowing Perón not to side with any of the contending Peronist factions since she was identified with his person. For awhile Perón sought to achieve the kind of delicate balancing act he had been so successful at in the past. Under Cámpora the Peronist left and youth had influence on government policy making and implementation. Under Perón they no longer had access to key power posts but were given hope of indirect influence through debates

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[1] As translated by N.A.C.L.A. in their issue of Latin America and Empire Report 7 (Sept. 1973), devoted to "Argentina: The Protracted Struggle," p. 30.

[2] Recall that the military had vetoed Evita (the CGT's choice) as Perón's running mate in his reelection campaign of 1952.

within the party on government policy. Perón kept them dangling mostly in order to counter the strength of the CGT bureaucracy.

Lacking a favorable international situation to provide the material basis, as had been the case in the forties, Perón's charisma alone proved insufficient and his attempted balancing act was short lived. Repeating the experience of the fifties but telescoping the duration of the process into less than a year, as the contradictions in the government's programs sharpened, the regime accelerated its drift toward the capitalist pole in the worker-national bourgeoisie "social pact." The central presence of multinational capital in the industrial economy constituted the major difference with the process of the fifties. Hence, conciliation and harmony came to mean compromise and accomodation to the interests of foreign capital and the Argentine monopoly bourgeoisie. Moreover, the greater weight of anti-imperialism and socialism among the workers' ranks made the repression of working class demands and struggles all the more severe. The shift in the government's economic orientation was reflected by the shift within the CGE. Originally representative of the interests of the national bourgeosie, large scale industrial companies began to join and, in 1974, the UIA, associated with monopoly capital, merged with the CGE.

For their part, the workers responded not with less, but with more militance. From the time Perón was inaugurated as president on October 12, 1973 through mid 1974, a wave of strikes swept the nation affecting some of the largest foreign and national companies in the heavy industrial sector, such as steel. Significantly, the demands were not just economic but were also aimed at the labor bureaucracy's iron grip on the CGT. The left made important gains, particularly in heavy industry and the sectors dominated by multinational capital. For example, despite a vicious slander campaign

directed against him, the 20,000 members of the auto workers union in Córdoba elected a revolutionary communist, René Salamanca, to lead them, and they also put a majority of his group on the industry's grievance committee. Similarly, despite the Peronist right's concerted effort to destroy the union, including machine gun attacks on its headquarters, Córdoba's electrical workers remained loyal to their leader, a self professed Marxist by the name of Augustín Tosco who eventually died underground. Given that some of the more dynamic branches of the industrial economy were located around Córdoba, the crushing of this center of Peronist and non-Peronist left wing activity became of strategic importance. In February 1974, the police in Córdoba staged a coup and ousted the province's popular elected Governor, Ricardo Obregón-Cano who was also one of left-Peronism's most respected figures. Though subsequently declared illegal, the coup enjoyed Buenos Aires' tacit blessing and was probably organized and directed from there.

As the regime moved further to the right, the guerrillas stepped up their activities. The Trotskyst E.R.P., largest and most active of the non-Peronist groups, never deviated from its critique of the Peronist government as a bourgeois regime. Its refusal to call a truce with the government drove a wedge between itself and the Peronist Montoneros, thus undoing the alliance that had become operationally effective in the period just prior to 1973. The E.R.P. announced that it would continue its campaign against foreign capital and domestic monopoly capital[1] as well as its operations against the state, though it briefly promised to confine its attacks to the repressive apparatus (police and military). Its most

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[1]This took the form of kidnappings of executives and sabotage of plant and equipment in factories owned by companies whose workers were on strike.

dramatic action in this period came in January of 1974 with an attack on the army base at Azul, about 170 miles from Buenos Aires. As Perón moved against the left of his movement, the E.R.P.'s intransigence was vindicated and it was not long before its alliance with the Montoneros began to be reestablished. The two again began to cooperate in military operations even before the Videla coup which overthrew Isabel Perón's government in 1976.

The attitude of the largest and most active of the Peronist guerrilla groups towards the Peronist regime was one of critical support. The Montoneros remained loyal to the person of Perón and maintained that, in spite of all the contradictions within it, the Peronist movement contained the best potential for initiating the revolutionary process leading towards a socialist Argentina. According to their analysis at this time, this goal could only be achieved if the working class became hegemonic within the movement. Accordingly, their announced aim was to help the working class gain hegemony over the middle class in general, and the petit bourgeois and small entrepreneurial sectors in particular. The latter were to be kept as subordinate partners in the movement based on their common interests in opposition to the oligarchy and imperialism. In April 1974 the Montoneros cautioned the regime that its weakness might lead to a coup. They drew an analogy of the prevailing situation with that in effect just prior to June-September 1955: the vacillation of the popularly elected government, the bureaucratization of the movement's leadership, and the demobilization of the masses. In the same document, the Montoneros made clear how short the regime had fallen on the programmatic commitments envisioned for it by the left:

> The immediate tasks of the Popular Government were to control and plan the economy, expel the monopolies, reject all secret compromises with imperialism, expropriate the industrial and landed oligarchy, regulate the participation of medium sized business in national development and protect the small producers.

The Montoneros maintained that Peronism could not institute fundamental changes without first turning its attention to the Armed Forces. It was imperative to initiate "profound changes in its ranks and doctrines, through the rise to command positions of officers clearly identified with national goals, enemies of the monopolies and imperialism and, in the last analysis, subordinate to the popular will."[1] The conclusions drawn by the Montoneros from their analysis show how close they were to a total break with the regime at this point:

> If the diagnosis of the present situation is obvious to every Peronist, the future prospects are less clear. Only events will tell whether the deviation of the process is irreversible, whether the blood that has been shed is lost and whether it will be necessary to begin anew as in 1955, '59, '68, and '70.
>
> The undersigned organizations have good reason to fear that this is the case, but they are also ready to engage in any serious attempt to redirect the process and restore liberty, justice and power to the people.[2]

The widening breach between Perón and the left of his movement took its most visible form less than two weeks after the publication of the above document. In the course of his traditional May Day speech to a mass gathering at the Plaza de Mayo, Perón praised the right wing leadership of the CGT and lambasted the Peronist Youth and Montoneros. They, for their part, had come prepared. One side of their placards had pro-government slogans and, the other, critiques. As they were attacked

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[1]"A Document for Liberation, April 1974" by the Montoneros and Peronist Youth, translated from El Peronista 1 (Apr. 19, 1974) by N.A.C.L.A. in their Argentina in the Hour of the Furnaces (New York, 1975), p. 88.

[2]Ibid., p. 91.

they turned their placards around and started chanting, "We voted for a corpse (Evita), a whore (Isabel), and a cuckold" (alluding to the alleged relationship between Isabel and Lopez Rega), as they marched out of the plaza. They took more than half of the demonstration's participants with them and left Perón on the balcony of the Casa Rosada addressing a rump gathering.

Exactly two months after this embarrassing fiasco, Perón died on July 1, 1974. This happened before the rupture between the mass base of his movement and the government was completed and before he was forced to confront the full impact of the contradictions within his populist-nationalist program. Though considerably more scarred than the first time around, the mystique surrounding Perón's person was again preserved. Even after the Montoneros had moved underground and declared all-out war on Isabel's government in September 1974, they still avoided attacking Perón directly and confined their criticisms to his regime's policies, the forces behind them, and the personnel responsible for executing them. Distinguishing between Perón and Isabel, the Montoneros attributed his errors to shortcomings in Justicialist doctrine: principally that national liberation could be achieved through an alliance based on an equilibrium between the working class and the national bourgeoisie. With Isabel's government on the other hand, it was no longer a question of doctrinal insufficiencies. Her policies were characterized as directly serving imperialist interests. As one of the Montoneros' publications put it, "The failure of Martinez and her entourage of bureaucratic traitors, was the failure of an imperialist strategy."[1]

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[1] El Montonero, No. 11 (Apr. 24, 1976), p. 6.

In an interview conducted during July 1976 shortly after the military coup overthrowing Isabel Perón's government, Mario Eduardo Firmenich then Secretary General of the Partido Montonero, presented his group's evaluation of the second Peronist period. Responding to the critique by the Marxist left of Perón as a leader of the bourgeoisie,[1] he drew a distinction between leader of the bourgeoisie and bourgeois leader:

> Perón was not a leader of the bourgeoisie because his policies neither guaranteed nor permitted the expansion of that class. Was his ideology socialist? Naturally not. During the period of the military dictatorship (1966-73) we characterized Perón as a socialist leader. In 1973 (we revised the characterization and in 1974 we formulated a self criticism. Essentially, this characterization was erroneous: Perón was not a socialist leader. In the final analysis, his "third position," by not calling for socialism, can be reduced to bourgeois ideology. This does not mean, however, that he was a leader of the bourgeoisie, a conclusion which would deny the history of Peronist struggle.

The lesson the Montoneros drew from the second period was that Peronism had reached its limits. The conditions of the seventies and Justicialism's doctrine led to an impasse in the class struggle which neither permitted the development of the productive forces nor the strengthening of the popular camp. "It was impossible for either the working class or the bourgeoisie to increase their power and their development within the country."[2]

In the end, rather than replacing class conflict with conciliation and harmony, far from even containing it, the Peronist experience of the

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[1] This was the E.R.P.'s line.

[2] Reprinted in N.A.C.L.A.'s Latin America and Empire Report 11 (Jan. 1977): 18. In this interview Firmenich also asserts his view that the Montoneros would become the political inheritors of the Peronist tradition of broad-based, popular and progressive, anti-imperialism. They will recreate Argentina's equivalent of a worker-peasant alliance; an alliance between the workers and the salaried and petite bourgeoisie, but now with the explicit goal of achieving socialism.

seventies actually intensified the class struggle. Given its contradictions, once Peronism was in power, it transferred the class war that had pitted the workers and popular sectors against the multinational sector and the military, into the very heart of Peronism itself as the battle raged between the left and right wings of the movement--the former to lead and the latter to control the masses.[1]

After Perón's timely demise, the regime's rightward drift accelerated while class conflict intensified accordingly. The control exercised by bureaucratic elements over the government, Justicialist Party, and CGT, became iron clad. Even the Economics Ministry which had been more responsive to the interests of the national bourgeoisie when José Gelbard occupied its top post, was affected. Its reorientation toward the multinational sector was completed when Celestino Rodrigo, a close ally of Lopez Rega's, became Minister of the Economy in June of 1975. He immediately introduced what he termed "economic shock treatments:" wage freezes, a series of price rises, and a drastic devaluation of the peso. Because of their dramatic impact, these measures became popularly known as the Rodrigazo. Though prescribed by the I.M.F. to improve the deteriorating balance of payments, their primary result was to speed up spiraling inflation, increase the decline in real wages, and strangle small to medium size enterprises even further. These were the same policies that had been attempted earlier by Krieger Vasena in Onganía's time; they produced the same results, and the reaction by the working class was also the same, only it was swifter and more massive. Celestino Rodrigo's tenure lasted no more than a month. A wave of strikes and factory occupations forced him

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[1]These points are from Juan E. Corradi's introduction to the Latin American Perspectives 1 (Fall 1974 issue devoted to "Argentina: Peronism and Crisis"): 14.

to resign and then flee the country along with his mentor, Jose Lopez Rega, in July 1975.

With Peronism discredited and demystified, a military coup was a foregone conclusion. All Argentina was poised in expectation. The only speculation involved its timing: how long would the military allow Isabel's inept regime to discredit itself further? The military was compelled to intervene in order to block the left, in the form of the Peronist and Marxist guerrilla groups, from making further inroads into the working class. With the end of Peronism's ability to defuse and contain the working class, what the military feared most was that the left would continue to link up with the growing militance of workers on the rank and file level and thereby increase the viability of a socialist alternative.

Having recognized that orthodox Peronism was rendered superfluous by virtue of its inability to control the popular sectors or annihilate the left, revolutionary Peronism based its strategy on the imminence of a military coup. The January 1976 issue of Evita Montonera, assessing the year that had just ended, termed 1975 the year for "confronting the treason," and looking ahead to the year that had just begun, termed it the year for "resistance to the Videlazo"--Videla's coup did not actually take place until the 23rd and 24th of March. The strategy urged for the year ahead was the same as the one the Montoneros had followed in the year gone by: to confront the government of the imperialists, whether in civilian or military form, by 1) mobilizing working class struggles, and 2) building the mass base in order to have the "sea" for the guerrilla war. Indeed, it was the extent of mass support enjoyed by the Peronist left and its ideological influence in radicalizing the workers, that provided the chief impetus for the coup.

The Oligarchy Makes a Comeback: The Videla Regime

In the economic realm, the coup of March 24, 1976 represented a rejection of the policy orientation that had predominated since 1943. As Martinez de Hoz, the new Economics Minister, began to unfold the regime's project, it became apparent that the junta had opted to confront the contradictions of dependent industrialization by turning the cycle full circle back to the traditional externally oriented growth model along with modifications dictated by the vastly changed conditions operative internally as well as on the international scene. Representing the traditional agro-based oligarchy, Martinez de Hoz envisioned a return to the role Argentina had occupied in the international division of labor prior to the substantial development of its industrial sector. In a speech on April 4 of 1976 he said:

> The world debates what has become known as the world crisis in energy and food. We possess the potential for food production that gives us extraordinary strength. This can put our country in a privileged position in the world due to the importance of food production in the near future.[1]

Martinez de Hoz's economic program had three fundamental objectives: promote agro-pastoral exports as the foundation of the nation's economy, reduce the state's deficit in order to decrease inflation, and provide a high rate of profit.[2] To promote exports the regime would reverse the trend imposed by Peronism and turn foreign trade back towards private hands. Foreign exchange rates would be manipulated to benefit the exporters of

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[1]Quoted by Liliana De Riz, "Militares y politica en la sociedad argentina" in Proyectos de recambio y fuerzas internacionales en los 80 (Mexico, D.F.: Editorial Edicol, 1980), edited by J.C. Portantiero, et al. My translation.

[2]The analysis of the Junta's economic policies that follows is contained in an evaluation of the Argentine situation by the Montoneros as it appeared in the Peruvian journal Marka of June 1976. See N.A.C.L.A.'s reprint in Latin America and Empire Report 2 (January 1977): 8-9.

grains and beef, in addition to which, prices for these goods would be fixed at rates favorable to these sectors. The state's deficit would be reduced by drastically cutting back on the number of public employees. Furthermore, the public sector of the economy would be curtailed by reducing the state's participation in jointly owned enterprises, turning many state owned firms to private enterprise and some even to foreign capital. Finally, the rate of profit was to be enhanced by freezing wages but lifting the freeze on prices.

The impact of the Junta's policies enabling employers to increase the rate of exploitation of labor was almost immediate. Real wages, already at a low point, went down even further. A month after Martinez de Hoz announced the Junta's economic prescriptions, the cost of living had increased by some 40 percent. The price of medicine, which had been frozen, increased by 100 percent, cigarettes by 100 percent, rice by 198 percent, and needles by 120 percent.[1] So severe were the effects of the Junta's policies on the sectors which had been Peronism's social base, that one can speak of economic warfare being waged on them on top of the military campaign which systematically sought to physically eliminate any political expression of their interests. By "1978, the basic wage was scarcely 36 percent of the level received in 1974 by skilled workers and less than 29 percent that of unskilled workers."[2] Indeed, between 1976 and 1983 the wage share of national income fell to its lowest level ever.

The multinationals and local monopoly capital controlling the most dynamic branches of production took advantage of the assault on the

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[1] N.A.C.L.A., pp. 8-9.

[2] Carlos M. Vilas, "On the Crisis of Bourgeois Democracy in Argentina," Latin American Perspectives 9 (Fall 1982): 20.

Peronist unions not only to hold wages down, but also to streamline their operations closing down their less efficient plants and introducing even more capital intensive techniques requiring less workers and higher rates of productivity. In 1980, for example, the metal workers union complained that their ranks had diminished by 70,000 workers in the previous year, while in May of 1981, the automobile workers union (SMATA), working in a branch entirely controled by multinationals, estimated that the crisis in their industry had led to 36 percent of all of its workers being unemployed. The result of these massive lay-offs was a soaring unemployment rate reaching levels previously unknown.[1]

Given the general crisis it already found itself in and the Junta's opposition to promoting manufacturing activity, the economic policies of the late seventies impacted adversely on industry as a whole. Initially at least, the general decline in productive output meant an overall drop in profits, in the absolute sense. Nevertheless, in relative terms, given the higher levels of productivity extracted from workers spared unemployment in the more capital intensive, dynamic branches, profit rates for this sector increased considerably. "The profit/wage ratio increased from 1.1 in 1974 to 2.3 in 1977, subsequently remaining at that level. In 1978 the labor costs in industry were an average of 20 percent lower than in 1976."[2] At the same time, the assault on the working class' purchasing power could only reverberate negatively on the small to medium sized national enterprises producing wage goods. This was a period of unprecedented bank-

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[1] From October of 1980 to April 1981, unemployment went from 10.1 percent to 11.8 percent of the economically active population. In the latter date, some 1.7 million people were out of work. Ibid.

[2] N.A.C.L.A., pp. 8-9.

ruptcies and business failures. Along with this sector of the national bourgeoisie, the petty bourgeoisie, which was also linked to the internal market and popular consumption, saw its position deteriorate as well.

The major beneficiaries of the Junta's economic program were the large landowners producing for export and the domestic and foreign industrial monopolies catering to the upper income market. The one aspect of the Junta's program in which it succeeded were its efforts to redirect economic activity to regain the preeminence of the agro-pastoral sector. So successful were its policies benefiting the oligarchy's interests that, for the first time since the forties, agriculture came again to represent the largest proportion of the GDP. Although the regime was certainly preoccupied with providing attractive conditions for industrial capital, its major orientation represented a fundamental departure. In contrast with the type of economic strategy formulated by Krieger Vasena and his successors which disputed Brazil's emerging position of industrial hegemony in the Southern Cone, the new regime retreated from that field and concentrated its efforts in rooting Argentina's future on her supremacy in agro-pastoral production. The new approach was thus an abandonment of the commitment incorporated in economic policy since the forties, to raise industry to the pivotal position in the nation's economic life. This "new" approach was analogous to the strategy of the 1930-43 period which modified the externally oriented growth model: economic activity centered on agro-exporting with strong participation of industrial production for the domestic market. The difference is, of course, that industrial participation in Argentina's economy of the seventies was vastly stronger and of a substantially different nature. Rather than an emerging national capitalism, the contemporary industrial sector revolves around dynamic branches with

high organic composition of capital, mostly controlled by multinational interests.

While it fundamentally reversed the orientation in the previous developmental model, the Junta did not throw it out altogether. Though it spared no extremes in the severity with which it repressed the left domestically, and despite its adherence to an almost obsessive anti-Communist ideology on the international scene, the military learned much from Peronism and practiced a "third position" in its relations with external economic groups. It did not break relations with any socialist country and maintained the Soviet Union and socialist bloc nations as major trade partners. This is not too surprising when one considers that the Soviet Union was a principal purchaser of Argentine goods in the third quarter of 1975. More recently, in the summer of 1980, Argentina played a large part in circumventing the U.S. grain embargo imposed upon the Soviet Union after the latter's military intervention in Afghanistan. Despite pressure from Washington, Argentina concluded a deal to ship 22.5 million tons of corn, sorghum, and soybeans over a five year period. Hence, while the Junta's anti-Communist ideology made Argentina a staunch ally of the U.S., the return to a modified oligarchic project placed the economic interests of Argentina's rulers in contradiction with those of the United States since the U.S. is a major exporter of identical agricultural commodities.

The decline of the project promoting dependent industrialization, led to other conflicts as well. For example, the Junta demonstrated an independence from the United States in the nuclear area. They rejected United States' conditions for safeguards over nuclear facilities and concluded an agreement for construction of a heavy-water plant with a West German-Swiss group. They seemed determined to embark on nuclear develop-

ment with a capacity for reprocessing power-station fuel with separation of plutonium, which, in turn, could be used in manufacturing nuclear weaponry.[1]

When the Junta seized power it justified the coup by announcing that it alone was capable of achieving the twin objectives it deemed essential to rescue Argentina from chaos and guarantee its future well-being: to liquidate subversion and improve the economic situation. In its campaign to eradicate subversion, the regime unleashed the most severe repression ever in Argentina's historical memory which, as we have seen, had already experienced more than its share of brutal controls in recent times. While it held power, the Junta put to death between 10,000 to 20,000 alleged opponents. By applying the most extreme methods, the Junta achieved the dubious success of quieting, at least for a while, its political opposition. But in the economic sphere "success" was not achieved so "easily."

Two years after the coup the Argentine economy was still in crisis. The year-end economic indicators for 1978 showed an inflation rate of 169.8 percent, wholesale prices up by 147 percent, annual interest rates between 140 and 200 percent, construction costs up by 125 percent, and, most significantly, industrial production was down 25 percent since 1976.[2] Ironically, the latter was a testament to the success of the Junta's policies. The regime's strategy for fighting inflation was to cut back on the working class' purchasing power. It succeeded in lowering real wages to about 50 percent below those of 1977 and thereby weakened the domestic market.

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[1] Juan de Onis dispatch in the New York Times, 17 July 1980, p. A7.

[2] Figures from a mimeographed report by the Argentine Information Service Center and the Council on Hemispheric Affairs, "Conditions in Argentina--1978-9" (Apr. 2, 1979), p. 5.

Falling demand hurt the small to medium-sized manufacturers and merchants of the national bourgeosie the most. Their problems were further compounded by credit restrictions and high interest rates. The bankruptcy rate increased by 300 percent to its highest level in Argentine history. According to the Economic Federation of Buenos Aires, sales in most of greater Buenos Aires' neighborhoods dropped from 40 to 80 percent. Many textile plants virtually shut down in January and February of 1978 when they announced "extended vacations" for their workers. The adverse economic impact spilled over to the more dynamic branches of industry. Marshall, a producer of electrical appliances, closed down in January, laying off 700 workers; and, in April, Petroquímica Sudamerica, a major supplier of polyester fibers, closed.[1]

> Even those industrial sectors traditionally associated with multinational corporations started feeling the crunch, as in the case of the auto and agriculture machinery industries. Subsidiaries of John Deere and Massey Ferguson shut down during the first months of 1978; G.M. auto plants in Rosario and Córdoba initially closed operations during February and March and were finally forced to close down in the second half of 1978, laying off a work force of 34,000 employees.[2]

Despite such draconian reductions in the level of consumption, inflation was not brought under control. Far from it, by 1983 it had again leapt almost beyond control and was estimated at 430 percent.

Given the magnitude of the impact attendant upon the Junta's reordering of the nation's economic priorities and given the degree of political consciousness and organization prevalent among the population, extreme and brutal repression was an essential aspect in the Junta's ability to carry out its economic project. Herein lay the connection between the Junta's economic and political programs. Its political program consisted

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[1] Council on Hemispheric Affairs, p. 6. [2] Ibid.

of two stages, the first being a "military" stage which was then to be followed by a "political" stage proper.

In the first stage the aim was to physically annihilate the revolutionary organizations, the underlying objective being the elimination of the workers' militance. In fact the military's anti-subversion campaign was in large part waged at the point of production. The concept of "the industrial guerrilla" became part of the official lexicon. The idea was that since the guerrillas had taken root in the factories, the destruction of the Peronist guerrilla forces must mean the destruction of the Peronist rank and file who harbored them in the industrial centers. Given the military's ideology and the interests it was enforcing, it really had no choice. The Peronist and revolutionary left had replaced the official leadership of the CGT with coordinadores de gremios en lucha (coordinators of unions in struggle). They provided the instrument through which the workers fought back against the attack on their living standards. These coordinadores mobilized the workers in La Plata, Córdoba, and the industrial zone of metropolitan Buenos Aires, and succeeded in paralyzing entire cities.

The war waged against Peronism and the left took a heavy toll. In a lucid and moving "Open Letter to the Military Junta," the noted Argentine journalist and author Rodolfo Walsh estimated that more than seven thousand habeas corpus petitions were turned down in the first year after the coup. In many thousands of cases of others who "disappeared," writs of habeas corpus were never presented because the futility of the procedure was widely known. Moreover, it was extremely difficult to find a lawyer who would dare present one, since the fifty or sixty lawyers who regularly did so, in turn had also disappeared. Another testament to the war of extermination waged by the regime was the fact that, according to officially released communi-

ques, 600 guerrillas were killed in clashes with the authorities that first year, while only ten to fifteen were wounded. As Walsh remarks, such a proportion is unknown even in the bloodiest of battles in wartime. According to officially released figures, more than a hundred "fugitives" lost their lives in "escape attempts" during that time period. Rodolfo Walsh himself vanished shortly after he began circulating his "Open Letter."[1] In spite of the fact that the government prided itself in exercising total security over the nation, few of these "disappeared" were ever located.[2]

With the suppression of its opposition apparently completed, the Junta launched into the second stage of its political program. Inspired by the Brazilian model, it sought to institutionalize the new order with the Armed Forces' role as arbiters guaranteed within the state apparatus. The military's plan was based on sanitizing the traditional political parties into a loyal opposition and on controlling a divided and atomized trade union structure. The military's political program was first articulated by the Army in a document entitled "Bases políticas para la reorganización nacional" (Political Foundations for National Reorganization). It begins with the extraordinary assertion that "the government which emerged on the 24th of March of 1976 is democratic and legitimate." Even more ex-

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[1] Excerpts from this letter were published by Denuncia in the June 1977 issue, p. 3. This newspaper contains much useful information on events inside Argentina that are unavailable elsewhere. It was produced by the exile community in New York and distributed there and in Spain, and throughout Europe.

[2] A year later, the situation showed few signs of improving. According to "prominent members of the Argentine Permanent Assembly for Human Rights, . . . in 1978 an average of five to ten persons disappeared daily." Argentine Information Service and the Council on Hemispheric Affairs, p. 1.

traordinary, after placing itself squarely among those who understand that the primary task is to halt the worldwide spread of Marxism, the document goes on to announce that the "Military Junta will not allow itself to be drawn into the confusion of theoretical schemes, that it is oriented toward the absolute respect for the human person, considering this being to be transcendental in its development of liberty and the full exercise of private property. Private property is said to be the economic foundation for civil liberties and "true democracy consists in defending private property at those times when the West is under attack from Marxism."[1] Given the regime's policies and record, it does not seem that these sentiments were meant to translate into a defense of small property owners or even the owners of medium-sized manufacturing plants, whose positions suffered drastic declines, but rather were meant to underline the Junta's commitment to the interests of the narrow stratum already enjoying the benefits of large property ownership. For the average Argentine, far from enhancing her or his access to property, the regime's policies made it more difficult to obtain even the essentials of life.

The seven points containing the specific proposals for "national reorganization" are illustrative of how the military had hoped to maintain control:

1. Creation of a dominant political force favorable to the military government

2. This force must be capable of dominating from inside the party system. For this reason it must be assured support from the state apparatus

3. The leaders will not be imposed "from above" but selected in "pilot" elections at the municipal level from among independent candidates who have publicly accepted "the doctrine and ideas behind the process of national reorganization"

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[1] Excerpts and commentary on this document are contained in Denuncia's Feb. 15, 1979 issue, p. 1. My translation.

4. These elected candidates will constitute themselves as a base for the government, but may nevertheless by deposed at any time by the authorities

5. These leaders allied with the government will be asked to form two or more political parties which support the process of national reorganization. In time, each of these new forces will acquire "its own personality "

6. When the day arrives that these parties are in existence, it will not matter to the government which one emerges victorious. At that time, the conditions will be right for holding elections on the provincial or national level which are not "an adventure"

7. Consultation on this project must not be sought from current politicians because that would amount to according them representativeness. Even less should it be put to the test in a referendum: "this would mean the demagogic resurrection of the people and attributing to that word--which is no more than a political myth--sovereignty"[1]

Unfortunately for the military, its relative success in reorienting the foundations of the Argentine economy brought to the fore contradictions that revitalized that "political myth"--the people. In the end, the Junta had to abandon its attempt to confine the electoral process within its strict guidelines. The military was forced to accept the people's "sovreignty" as expressed in their electing the most anti-military of the "politicians" running. Raul Alfonsín, candidate of the Radicals, won the presidency in the 1983 elections.

Though the military succeeded remarkably well in returning the axis of the nation's economic life back to agro-pastoral production for export under the policies of Martinez de Hoz in the late seventies, it was never able to find a political formula that would provide it with a significant social base of support. Even its ill-fated attempt to mobilize patriotic fervor behind the regime for its Malvinas gamble, proved to be a disaster. Not only did the military fail dismally at what is its raison

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[1]Denuncia, p. 1.

d'etre--defending national sovereignty through the force of arms[1]--but in the process it undid what little had been achieved in the economic realm. Important gains were made in placing Argentine rural exports on the world market by taking advantage of Peronism's "Third Position" in selling wheat to the Soviet Union, thereby filling the vacuum resulting from the U.S. embargo after the U.S.S.R.'s military intervention in Afghanistan.[2] These gains were more than offset by disastrously rising debts incurred to obtain the latest weaponry.[3]

The costly Malvinas campaign was however, only the icing on the cake. On the eve of the war the economy was already in a state of near-collapse. The GDP fell by 6.1 percent in 1981 and continued to decline by about that rate for 1982. The per capita income was lower than it had been a decade before. Moreover, "industrial output and investment suffered severe reductions, falling 16 and 21 percent respectively." There were "massive closures of factories, a growing paralysis of economic activity,

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[1]The Army command's performance was particularly inept. Thus the most discredited branch was also the one which has always wielded the bulk of military's political power. General Jorge Videla headed the Junta from 1976 to 1981. He was followed by his close associate General Roberto Viola, who held the post from March to December of 1981. In turn, he was followed by General Leopoldo Galtieri, the architect of the Malvinas debacle, who was forced to resign in June of 1982, to be briefly replaced by General Reynaldo Bignone. All of them represented the Army. Toward the end, the Navy and Air Force even refused to formally be a part of the Junta. For an analysis of relationships between the Army and Navy in earlier years, see Robert Potash, The Army and Politics in Argentina, 1945-62: Perón to Frondizi (Stanford, California: Stanford University Press, 1980).

[2]Balance of payment difficulties were temporarily surmounted for the first time in years, as favorable surpluses were amassed.

[3]In particular the extremely costly French "Exocet" missiles.

sharp rises in unemployment, a virtual collapse of the financial system, [an] enormous magnitude of domestic and foreign debt, and the persistence of one of the highest rates of inflation in the world."[1] Indeed, the economic chaos was even more severe than at its worst point before the ousting of the Peronist government in 1976. In the long run, the most damaging byproduct of the Junta's economic policies was the foreign debt which it catapulted to new heights. From 1976 to 1982 the Junta "tripled the volume of accumulated foreign debt contracted by Argentina in its 170 years of independence."[2] At the beginning of 1982 it stood at 34 billion dollars, a real per capita average of more than $1,200.--one of the highest in the world. By 1984, after the humiliation of the Malvinas, Argentina's foreign debt reached some 44 billion dollars.

The Junta's failure in finding a significant social base of support for its economic program--ultimately, the reason for its collapse--was in a dialectical sense the outcome of its successful economic reorganization (which however, as noted above, did not succeed in achieving economic growth). Reducing the consumption levels of the popular sectors was an integral component of the "new" economic model the military sought to implant. In this effort the Junta succeeded all too well, with predictable consequences. In the first three years of its rule, the Junta had lowered real wages and salaries by fifty percent.[3] The tremendous social costs of this achievement

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[1]Miguel Teubal, "Argentina: The Crisis of Ultramonetarism," Monthly Review 34 (Feb. 1983): 18.

[2]Ibid., p. 23.

[3]Argentine Information Service and Council on Hemispheric Affairs, p. 5. Writing in the Los Angeles Times of 25 March, 1979, Horacio Lofredo of The Council on Hemispheric Affairs, states that real wages had declined by 60 percent from their level in 1975.

counteracted the regime's "successes" in its campaign of repression of the revolutionary organizations and the trade union movement.

The worsening conditions for the workers led to what the military's repression was fundamentally aimed against--a resurgence of class struggle. The Junta underestimated the workers' combative capacity, their ability to absorb heavy blows, regroup, and come back fighting. The Argentine working class has accumulated a wide backlog of experience in the course of their long history of resistance under the most diverse conditions. The workers' renewed militance made it difficult for the regime to move on to politically institutionalizing the "new order." Moreover, the adverse economic impact on the middle sectors resulting from the reimposition of an externally oriented growth model, led them to identify with the opposition in an increasingly open manner.

Indeed the invasion of the Malvinas on April 2, 1982 represented a desperate effort by the military to gain a popular base by utilizing a symbol close to every Argentine patriot's heart. Significantly, the invasion was launched only a few days after the largest anti-government demonstration by trade unionists in downtown Buenos Aires since the coup. Over two thousand demonstrators were arrested. By mobilizing nationalist fervor behind the war effort in defense of Argentine sovereignty, the military hoped to deflect the rising tide of social unrest and political criticism as well as to quiet the mounting clamor for an accounting of the <u>desaparecidos</u>. By choosing Lepoldo Galtieri to head it in December of the previous year, the Junta pinned its hopes on this approach. Galtieri, who had also been the architect of a near war with Chile over the islands at the mouth of the Beagle channel, advocated the classic formula of focusing on external threats to offset domestic criticisms. However, even before the

ignominious defeat, it had become clear that the military's strategy for gaining badly needed support would not work. The thousands of Argentines who gathered at the Plaza de Mayo to show support for the Malvinas effort made it plain they endorsed the nationalist cause and not the military. Galtieri was consistently booed and the prevalent chants were "Malvinas si, militares no!"

Prospects for Alfonsín's Administration

The collapse of the military regime in late 1983 came about more than anything else because of its inability to surmount the contradictions posed by an economic program seeking a full scale return to an agro-based externally oriented developmental pattern in the context of a substantially developed internally oriented industrial sector. The most dramatic expression of these contradictions was the burgeoning foreign debt crisis, and the mounting instability and turmoil resulting from the failure to find a political formula that would enable the regime to gain a significant social base of support. With the reinstitution of civilian rule via democratic procedures, the Alfonsín government temporarily solved the latter. However, having inherited the full brunt of the former, if the current government does not obtain relief from this debt crisis it will rapidly lose its rather tenuous and heterogeneous social base. The fact is that Argentina is simply incapable of meeting its international financial obligations the way they are currently structured. The foreign debt will have to be renegotiated. All depends on what new conditions the government is able to obtain. The more stringent these are, the more vehement the opposition to the "democratic interlude" will be and the more rapid the erosion of its support base.

The foreign debt is however, only a part of the much larger economic dilemma that has afflicted Argentina since the fifties. If the government fails to formulate a viable developmental policy, the same contradictions that undid its military predecessors will ultimately lead to its demise as well. Alfonsín's government cannot afford a continuation of the existing developmental pattern. Even under optimal circumstances, servicing of the debt alone requires large trade surpluses. This implies shifting internal terms of trade in favor of agro-producers with all its attendant problems which even severe military repression was unable to cope with. It will mean minimizing imports and thus manufacturers' access to imported capital goods and raw materials. This, in turn, restricts the ability of the industrial sector to create badly needed jobs. Moreover, high unemployment means low levels of popular consumption. This lessening of demand and the restriction of the domestic market thus completes the cycle spelling disaster for local manufacturers.

With the loss of popular support and the mounting economic and political crisis, the conditions are given for the military intervening once again. Thus Argentine politics may well continue on their seemingly inexorable pendular course. The tragedy is that the Alfonsín government enjoyed the best opportunity to break out of this pattern since Perón redefined Argentina's political landscape in the forties. Moreover, it is extremely unlikely that this opportunity will be repeated for decades to come. Alfonsín was elected in 1983 largely because he was correctly perceived to be a more resolute opponent of the military than his Peronist rival. Even Peronist voters defected to the Radicals on this issue. Moreover, with the economic chaos they precipitated topped by the Malvinas debacle, the military were probably at their most discredited point ever.

Never had they been more vulnerable and never had there been a more opportune moment to move against the military as a structure. Instead, Alfonsín confined his attack to the very top leaders of the Juntas, even absolving higher and middle level officers of the crimes they committed during "the dirty war against subversion." Today, the entire apparatus of repression down to the death squads remains and is ready to derail the democratic experiment when the time is right. Ernesto Sábato, appointed by Alfonsín to head the President's Human Rights Commission, recently remarked: "We still get death threats. The secret services are still largely intact."[1]

Conclusions

This chapter examined the consolidation and eclipse of the dependent capitalist industrial economy in Argentina. Manufacturing in the form of industrial activity gravitating around monopolistic multinational companies (mnc's) assumed a central position in the nation's economic life. The economic landscape came to be dominated by large enterprises with vast financial resources, utilizing modern technology, administered by bureaucracies responsible to central offices overseas, and possessing the ability to decisively influence the market for their goods.

The analysis showed this outcome to represent a continuity with the process that took shape in the latter half of the first Peronist decade. That is, as the favorable conjuncture deteriorated in the early fifties, Peronism began to resolve the contradictions between its distributionist developmental strategy--i.e., expanding the domestic market by raising the income of producers--and the capitalist model of accumulation to which it remained committed, by shifting its policies in the direction of promoting

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[1] New York Times, 3/26/84, "Civilian Trials for Argentine Officers."

the interests of the large scale agrarian and industrial bourgeoisie. The 1955-73 period represents a consolidation of this process.

Analysis of the events characterizing this period reveals that the political and economic contradictions generated in this process of dependent capitalist industrialization eventually led to Perón's return to power. Government policies moved toward an increasingly clear and unambiguous monopolistic-multinational capitalist developmental project, culminating in the Krieger Vasena program during the years of "the Argentine Revolution" under General Onganía. As government policies became the single most identifiable factor in income allocation away from the working class, the economistic struggle for better working conditions and wages became intensely politicized. Even the securing of economic gains, usually following upon bitter conflict with political authorities, served to heighten workers' militance and also to intensify its political content. The political repression of Peronism accentuated this tendency all the more. Peronism became the doctrine of working class struggle and resistance. In conjunction with seizing upon Peronism as their instrument for struggle, the workers articulated its socialistic side in resolving the contradictions of dependent capitalist development.

Peronism's populist side receded for a while, but then regained its vigor as the clearcut predominance of the mnc sector in economic policy began to adversely affect national capital and the middle sectors generally. In the 1955 coup the military had acted as an instrument for a bourgeois-oligarchic alliance against Peronism. Once working class interests were removed from official policy, this alliance fell apart on its internal contradictions. The differences between the industrial and agrarian, and the national and internationalized bourgeoisie prevailed over their common

interests. Though the mnc sector held economic predominance and had its developmental project imposed by the state, it lacked political hegemony. Thus, while the dominant groups had their interests enforced through government policy, they were unable to secure sufficient support from broad enough sectors to make their project acceptable. This basic contradiction was one of the chief reasons behind Perón's return to power.

The systematic growth of the Peronist resistance was both a result of and a further cause for the military's inability to transform the economic predominance of the mnc sector into political hegemony. Finally, the unrest and turmoil reached proportions that forced the military to reverse the reasoning behind their exercising power. Previously they had sought to place the coercive power of the armed forces behind the unencumbered economic project of the monopoly and internationalized sectors of the bourgeoisie. The assumption was that economic progress would eventually led to political stability. Now, however, the military's preoccupation became to achieve political stability first, since it was viewed as an essential precondition for bringing about a revival of the economy. It was this orientation that led to the negotiations under Lanusse's presidency to bring Perón back from exile.

Analysis of the second Peronist period showed that by attempting to recreate essentially the same coalition of classes as during the first period, under the different conditions of the seventies, Peronism reduced its longevity in power from a decade in the first period to three years in the second. Examination of the Three Year Plan (TYP) confirmed that the programmatic thrust of the second Peronist regime did not substantially depart from that of the first. The TYP failed because it was based on the same model of accumulation as the First and Second Five Year Plans (FFYP

and SFYP). Like its predecessors, it too depended on a favorable international context for exports to provide simultaneous benefits to workers and capitalists. Though this approach seemed appropriate to the conditions of the forties, as the analysis of the FFYP in Chapter 4 pointed out, Peronism's failure to learn from past errors seems unjustifiable, especially since the Peronist left insistently warned the regime not to repeat its past mistakes.

Just as in the fifties, with the inability to obtain the earning needed through foreign trade, the contradictions in the regime's developmental project could not be contained. Analysis of the events of the seventies showed how Peronism replicated its experience of the fifties. Opting to remain within a capitalist framework, the regime rapidly shifted towards the bourgeois pole in its worker-national bourgeoisie social pact. The different conditions telescoped the process of the fifties into less than one year in the seventies. Moreover, the much stronger and central presence of foreign capital within the industrial economy also meant a corresponding acceleration in the abandonment of the measures protective of national capital.

Another major difference with the first Peronist period noted in this chapter, was the much stronger and more widespread anti-imperialist and socialistic consciousness among Peronist workers. The workers' struggle was the main force behind Perón's return to power; working class actions also proved to be the chief factor undoing the second Peronist regime. While Perón depended on workers' militance to get back into power, he needed industrial peace and stability to solidify the alliance with the middle sectors on which his retaining of power rested. Hence the explosiveness of the contradiction arising from Peronism's opting to promote the

interests of the monopoly-mnc sectors at the expense of the workers' living standards. Perón and his entourage failed to defuse and contain the workers' struggles and to block the Peronist and Marxist left from making further incursions into the working class. Instead, the regime succeeded in transferring the class war of the workers against foreign and domestic monopoly capital into the heart of Peronism itself with bloody battles between the right and the left. In the end, the campaign of repression failed, even though many more militants were killed during the brief span Peronism held power than in the eighteen years Perón was in exile.

Peronism's failure to contain the militance of its rank and file working class base, which became even more acute after Perón's death, led to the military coup of 1976, thus bringing to a close the short lived and unique opportunity to "remake history."

Finally, the chapter briefly examined the significance of the Junta's economic program. The current developmental strategy is shown to be a return to the type of modified externally oriented growth model that characterized the 1930-43 period. For the first time since the forties, the proportion contributed to the GDP by the rural sector surpassed that contributed by industry.

By orienting economic policy to the interests of large landowners producing for export and, secondarily, domestic and foreign industrial monopolies catering to the high income market, the Junta's project represented an abandonment of the policy orientation that Peronism had successfully struggled to impose, and which was determinative in Argentine economic and political life from 1943 on. Ironically, the Junta's success in reorienting economic priorities exacerbated the contradictions that led to its demise.

Unfortunately, all indications point to Alfonsin's failure to seize the unique opportunity to finally break out of the pendular pattern that has characterized Argentine politics for the last half century. Unable to find the basis for a developmental model that would benefit the popular sectors and having failed to dismantle the military's repressive apparatus, as the contradictions intensify within the democratic experiment, it seems only a matter of time before the military decides once again to dispense with the need for popular legitimation in the exercise of state power.

CHAPTER VII

CONCLUSIONS

Chapter 1 began with a critical review of major themes and relationships found in the modernization/development literature. The early functionalist approach offered little more than a teleological methodology which asserted truth by definition. In different ways and with slightly diverging foci of attention, it posited a Western=good system typology. Moreover, if functionalism contained any causal analysis at all, it was the unilinear scheme it proposed whereby societies inexorably evolved from traditionality to modernity.

As world events repeatedly contradicted the optimistic projections of the functionalists, a body of literature took shape which attempted to address the earlier literature's shortcomings. One tendency, exemplified by Fred Riggs, moved away from theory to model building. Within the tendency that sought to reformulate theory, which proved to be the more lasting, one current retreated to the polity as independent variable --exemplified by Samuel Huntington's work--and the other saw modernization and development as a problem of diffusing the right mix of (usually cultural) resources to the hinterland. However, because they proceeded from the same fundamental premises, the revisionists merely succeeded in replicating previous deficiencies, albeit with a variety of models, typologies, and theoretical frameworks. Nevertheless, diffusionism represented an advance in that it abandoned the assumption that the world system was composed of separate and autonomous units, each traversing the path previously followed

by the more developed units. Instead diffusionism recognized the interrelatedness of the international system as an integral whole with its central entities shaping events in the periphery.

In surveying the modernization/development literature I found that it performed an ideological function which was reflected in the literature's causal analysis. The various schemes offered by the literature all had in common their function of justifying existing power relationships: the posture of value-neutrality with its implicit espousal of existing arrangements in the distribution of power as legitimate; behavioralism with its focus on observed behavioral regularities abstracted from the socio-economic context within which they took shape; functionalism with its concern for existing relationships as the natural means for performing the function in question; the fetishism of statistics which treats its units of analysis as separate and distinct having no connections other than their numerical relationships; and the consideration of the political dimension as an independent variable in and of itself, not as the outcome of particular social processes. In justifying the relationships between advanced capitalist and developing areas, the modernization/development literature had a particularly negative impact on two major areas of inquiry. On the one hand, in minimizing or avoiding any analysis of dependency altogether, the literature neglected an integral component in the functioning of the international order. On the other hand, its treatment of economic factors was also deficient. The economic dimension is either absent from the analysis altogether or it tends to be "inverted." That is instead of analyzing material elements as a principal aspect in the determination of social reality, they are seen as dependent variables determined by, rather than determining cultural patterns, norms and values.

While the modernization literature suffers from the lack of the economic dimension, the specifically economic development literature on the other hand, neglects the political dimension. It contains, at best, only a minimal analysis of the impact of social structures on the reproduction of some, rather than other, economic relationships. The discussion of the issue of control is virtually absent. It is particularly important to establish which social groups control the productive processes and access to markets, because these groups are also in the position to determine who benefits from economic growth. Moreover, their connections with the political structures must be analyzed because they use the power available to them to solidify and reinforce the relationships beneficial to their interests.

In order to overcome the ideological function of the modernization/development literature a methodology is needed which focuses on the interrelationships of economic and political factors in the production and reproduction of human life. An analysis which treats either side to the exclusion of the other represents an ideological procedure which leads either to mystification or to obfuscation. Such an analysis blinds itself to inner connections (interrelationships) and thus cannot get at the source of outward manifestations (structural forms social reality exhibits); in other words, it obscures causality.

Chapter 1 argued for an analysis that penetrates the exterior manifestations exhibited by particular social formations, for an approach that focuses on the process whereby socio-economic interrelationships take shape. The review of the modernization/development literature pointed to the need for a historical component in the analysis. However, in order to obtain the dynamic element found lacking in the mainstream literature,

what is needed is not an historical analysis in the abstract, but a concrete and a dialectical one. Class structures evolve in the context of, and give rise to conflicts over the distribution and use of the economic surplus produced. Hence, the analysis of the process whereby socio-economic interrelationships take shape, should focus specifically on the struggle between different socio-economic groups having diverging interests. The scientific approach consists in analyzing concretely the ways in which the participants with their contradictory and conflicting interests, are linked to each other in the social process under investigation.

This study of Peronism applied a theoretical model that analyzes the relationship between economic control and political power. The local class structure is the expression of the relationships of the various groups to the structures of production and distribution. Therefore, the class structure contains the issues that political events respond to and in this way sets the parameters within which politics takes place. In analyzing the process whereby the Argentine class structure took shape historically, the theoretical model looked at the development of the structures of production and distribution, and particularly at the ways in which the relationships of the significant groups to these structures affected their interests, at the orientations that flowed from these interests and at the relationships formed among and between these groups.

How then did the theoretical procedure proposed in this study address the problem of causality? In the first place, it proceeded from an understanding of society as composed of a variety of social groups with diverse and conflicting interests. These groups and their interests arise from the manner in which they are related to the structures involved in the production and distribution of material necessities and rewards. Secondly,

this theoretical procedure defined a developmental pattern or pattern of dependency, conceived as a stage, by the processes through which the interests of the set of groups that emerges as dominant are promoted. The analysis focuses on how these processes reinforce the interrelationships among and between the dominant groups, and also on the ways in which the processes undermine the material basis for those relationships. In accordance with the version of dependency theory formulated by Cardoso and Faletto, the pattern of dependency under consideration must be seen in its global context and the analysis must therefore specify the connections that link the foreign and national groups comprising the dominant set. These connections are given by the interests of these groups which in turn arise from the groups' relationships to the prevalent modes of economic activity.

While the groups that make up the dominant set coalesce around the interests they have in common, they also have varying degrees of actual or potentially conflicting interests which drive them apart. These contradictions provide the dynamic element that makes for movement and change. The first limiting factor on the dominant set's power is given by its cohesion and stability which depends on the types and intensity of the contradictions it contains and on how they are resolved. The second limiting factor on the dominant set's ability to impose its aims is given by the degree whereby the excluded groups coalesce into an oppositional set. The oppositional set also contains contradictions which are usually, but not always, subordinated to the common purpose of counteracting the dominant set's power. These contradictions can be used by the dominant set to its advantage. The ability of the groups controlling the system to counteract their opposition therefore depends on the resources available to them to a) either coopt segments of the opposition into the dominant set, or

at least nullify their oppositional role by promoting their interests, or b) suppress key participants of the opposing set. Fundamental social changes, according to this perspective, can only come about through a process that results in a redistribution of the power relationships of the groups whose interests are at stake.

The particular ways in which the contradictions between the dominant and oppositional sets, and those within each of them are resolved within each stage or pattern, set the conditions within which the new pattern emerges. Hence the causality contained in the theoretical framework applied to Peronism is dialectical and not unilinear and deterministic, as is the one put forward by positivism. The analysis of each stage focuses on process, on becoming rather than being. That is, in analyzing the process whereby the relationships defining the stage are being forged, the analysis examines the contradictions they contain as the basis for emerging patterns. Thus each set of arrangements is not examined in a static, but rather in a fluid and dynamic sense since it contains within it the patterns that may emerge dominant in the next stage. As contradictions are resolved in the direction of one particular pattern, it in turn implies a different field of options setting the conditions for the emergence of succeeding patterns. The task therefore becomes one of narrowing down possible outcomes. In analyzing the process whereby the links between groups take shape, the analysis examines the contradictions involved in order to ascertain, to the maximum extent feasible, which connections are likely to prevail and which are less likely.

A number of difficulties became apparent in applying this theoretical framework. On the theoretical level itself, there would seem to be an almost limitless number of possible outcomes to be considered. Each com-

bination of groups contains within it a number of different combinations that could emerge, and each of these in turn, can lead to a variety of diverse sets. In addressing this problem, Cardoso and Faletto's category of the transitional period constitutes an important contribution to dependency theory. It is during a transitional period that shifts in the patterns of dominance become most discernible and it is during this time that the process of different combinations of groups vying with each other to impose their aims, assumes particular intensity. It is also during the transitional period that one of these begins to consolidate its position vis-a-vis the others. The transitional process is therefore a dialectical one involving both the dissolution of the dominant coalition and the consolidation of the modified or new configuration emerging as dominant. Hence, focusing on the relative shifts in influence and power among and between the major foreign and local groups during the transitional period, provides the analytical handle for narrowing down the variety of developmental patterns that could result and for ascertaining the most likely outcomes.

Though outweighed by its benefits, the application of the concept of transitional period nevertheless presented some difficulties. How do we distinguish a transitional period from any other stage? In analyzing a transitional process between developmental patterns, what sets it apart? Where do we begin chronologically and where do we end? Within the theoretical framework adopted here there is no ultimate resolution to these problems. Since it contains within it the next stage, every stage is in a sense a transitional period. Moreover, a transitional process between patterns of dependency encompasses several stages, as this analysis of Peronism amply demonstrated. Perhaps, because it reconstructs reality more

faithfully, along with simplicity in causality, a dialectical methodology must also pay the price of lacking elegance in being able to offer a clear-cut demarcation between categories representing aspects of one process. Nevertheless, four conditions[1] extrapolated from Cardoso and Faletto's formulation and from the Argentine experience, though a priori, proved useful in specifying the important elements operative in the Argentine case.

These problems were more than compensated for by the results the analysis yielded. Though I had to cover much historical ground and a vast amount of detail within it, the study's theoretical framework afforded insights into determinative trends, as these took shape, that could not have been gained in any other way. The study's broad scope posed a difficult challenge, but its rewards were great. Many facets of the Peronist experience that appeared paradoxical and inexplicable at first, became clear and understandable as part of an ongoing process. Looking at the complex surface reality of each period separately, would never have allowed us to discern the underlying process tying each of them together.

The theoretical application of the concept of transitional period may prove useful in another sense. This analysis of Peronism provides a case study with which to assess the literature that interprets populism in Latin America as a transitional phenomenon arising out of the disintegration of externally oriented growth. A glimpse at some of this literature on populism reveals some striking parallels to the results of this study. Indeed, the interpretations of other Latin American populist episodes are so similar that they come close to constituting a confirmation of the conclusions derived from this research. For example, an article by Jose

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[1] See pp. 23-5 above.

Álvaro Moises on the Brazilian case, an analysis of the Cárdenas period in Mexico,[1] and Regis Andrade's "Perspectives in the Study of Brazilian Populism,"[2] essentially argue that populism comes to power in a period of crisis, as an interregnum when the traditional order disintegrates. Like this study, they see populism, in the sense of being a successful formula for state power, as a transitional phenomenon arising out of the disintegration of externally oriented growth. The political system structured around the dominance of the oligarchy based in the primary export sector is in disarray and populism occupies the vacuum left by the contradictions within the traditional ruling class.

This literature on populism also shares with this study the conclusion that populism in power only remained viable in the favorable circum-

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[1] Both in the Latin American Research Unit's LARU Studies 2 (Oct. 1977), entitled "Conflicts Within Populist Regimes, Brazil and Mexico." Another piece within this perspective is Rene Antonio Mayorga's "National-Popular State, State Capitalism and Military Dictatorship in Bolivia: 1952-75," in Latin American Perspectives 5 (Spr. 1978). This article's analysis is especially close to that developed in this study. The theoretical framework applied by Mayorga is also fundamentally the same. The methodology is not deterministic. Mayorga perceives certain determinative moments in the socio-historical course of development. Responding to international and national economic and social forces, the elites in power--themselves a part of these forces--make some critical choices which set the parameters for subsequent development. Another article which presents arguments very similar to those advanced in this study, is that by Kenneth Paul Erickson, "Populism and Political Control of the Working Class in Brazil." Erickson's analysis shows that populist politicians played an important role in derailing the potential for a more class conscious militance on the part of Brazilian workers. In this way, by undercutting the possibility of an effective organized resistance along class lines, populism facilitated dependent capitalist development in Brazil. Erickson also notes that populism can move in a "radical" direction. On balance however, unlike the Peronist movement when populism was out of power in Argentina, the integrative dimension prevailed in the Brazilian case.

[2] A LARU Working Paper, No. 23 (Nov. 1977).

stances of an expanding economic pie. The parallels between the Argentine and Brazilian cases are remarkable in this respect, as are the dynamics of the class relations involved. In both instances, populism, with its nationalist and industrializing impulses, was able to assert itself because the crisis of the thirties had weakened the oligarchy's material base in the primary export sectors. As dominance (at least on the level of policy-orientation) by industrialists began to coalesce, agrarian interests withdrew their support from the regime, which in turn led the regimes to appeal even more strongly to their working class base. Just as this analysis concluded for Argentina, the literature on the Brazilian case attributes the fall of populism from power to the contradictions in its capital-labor alliance which could not be contained once the favorable confluence of international-national factors no longer held.[1]

To maintain themselves in power, populist states must be able to contain the fundamental contradiction underlying them. This can only be done when the economic conditions make it materially possible to both engage in the distributive measures necessary to satisfy their popular base as well as meeting the requirements for internal accumulation posited by a capitalist industrialization model. Another major conclusion of this analysis of Peronism borne out in the literature on populism is that unless the regime moves decisively towards the socialistic side of its contradictory class formula at a time when it does not appear necessary to do so; that is, if the populist state does not abandon promoting the interests of industrialists while the economic conditions are advantageous; then the

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[1] LARU Working Paper, No 23. (Nov. 1977), pp. 50-1.

interests of the popular sectors are invariably sacrificed once the economy enters its downward phase.[1]

Another parallel theme with this study, most starkly formulated in the Andrade article, interprets populism as a kind of de facto form of bourgeois supremacy, carrying out a program serving the interests of the national bourgeoisie, particularly those sectors with a base in manufacturing. However, as Andrade forcefully points out, "the agents," those who take state power and implement the decisive economic policies, are not conscious of their role and do not even perceive themselves as representing any particular social sector.

In general, the literature examining the particularities in the form taken by populism in the Latin American experience[2] confirms this study's assessment of the contradictions in the attempt to promote national capitalism by trying to create an alliance of native capitalists and labor on the basis of meeting the interests of both groups simultaneously. This is one of the powerful insights brought to bear in Liisa North and David

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[1]Two recent articles examining Mexico's Partido Revolucionario Institucional and Venezuela's Acción Democrática as examples of populism, support this thesis. See Nora Hamilton, "State-Class Alliances and Conflicts: Issues and Actors in the Mexican Economic Crisis," Latin American Perspectives 11 (Fall 1984): 6-32 and Dániel Hellinger, "Populism and Nationalism in Venezuela: New Perspectives on Acción Democrática," Latin American Perspectives 11 (Fall 1984): 33-59. Interestingly, the authors differentiate these cases from the Brazilian and Argentine in that populism did not undergo severe crisis and collapse to military dictatorships, because oil provided them a material foundation their southern counterparts lacked. Similarly, the analysis of the dynamic which led the two populist parties from, on the one hand, being defenders of their respective national partimonies to, on the other, facilitating the entry of foreign interests, also parallels this study of Peronism.

[2]This study adopts the concept of "populist-nationalism" as the most concise way of expressing these particularities. For a recent work offering differing interpretations of the populist phenomenon in the Latin American context, see that edited by Michael L. Conniff, Latin American Populism in Comparative Perspective (Albuquerque: University of New Mexico, 1982).

Raby's analysis of the 1934-40 Cárdenas period in Mexico.[1] Their analysis not only concurs with the general conclusions reached in this study of Peronism, but comes amazingly close on some of the details as well. North and Raby's analysis of Cárdenas' political orientation shows it to be almost identical to Perón's, particularly in the area of capital-labor relations and in its stance towards national and international capital.[2] Moreover, Cárdenas' reliance on mass mobilization and the fact that the working class constituted his most reliable base, were also very similar to Peronism.[3] In addition, just as in the 1945-55 decade in Argentina, Cárdena's earlier pro-labor policies were later supplanted with restrictions.[4] And, just as with Peronism, capital was regulated only to the extent that it was supposed to "serve the common good."[5] Finally, Cárdenas, too, ultimately hesitated to use his working class base at at time when it might have made a decisive difference.

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[1]Liisa North and David Raby, "The Dynamic of Revolution and Counter-revolution: Mexico Under Cárdenas, 1934-40" in LARU 2 (Oct. 1977).

[2]Ibid., p. 27.

[3]On the role of mass mobilization and the working class, Cardenas asserted:

> Worker organization, the same as peasant organization, is indispensable for the enforcement of the country's laws. As I have said on previous occasions, the good will of public officials and the clauses contained in the legislation which binds us are not sufficient. It is necessary for a superior force, which can only be that of the organized workers, to join in overcoming the resistances which unfortunately oppose the economic betterment of our people. (Ibid., p. 30.)

[4]Ibid., p. 28. [5]Ibid., p. 29.

North and Raby's analytical conclusions on the Cárdenas variant of populist-nationalism are almost a carbon copy of those derived from this analysis of Peronism. In the first place, the authors point out that the Cárdenas episode cannot be properly understood outside of the context of both the internal and external factors operating in the conjuncture of the Great Depression.[1] Secondly, because of the heterogeneity of the social forces involved, the Cárdenas period represented a fluid situation with a multiplicity of outcomes having been possible. Thirdly, the ultimate limits of the "socialist" direction implicit in Cardenismo were not fixed beforehand. In other words, the regime could conceivably have moved much further in this direction than it did. And fourthly, Cárdenas' project was ultimately "for the bourgeoisie" which was incapable of carrying it out on its own.[2]

Before moving on to considering the contribution this study makes toward an understanding of the Argentine situation, some further theoretical observations need to be mentioned. A problem previously referred to is the length of the historical time the theoretical framework calls for the analysis to cover. I also noted the problem that arises from the amount of historical detail that needs to be covered in analyzing each period.[3] How do we delineate what is "significant" from what can be ignored? In Chapter 1 we saw that the theory contains some guidelines and criteria that help to structure the analytical strategy, such as prevalent modes of economic activity, the structures of production and distribution involved, the interests of major groups that arise from their posi-

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[1] North and Raby, p. 25. [2] Ibid., p. 26.

[3] On pp. 415-6 above.

tions within these structures, and the orientations and values that flow from the particular interests a group seeks to promote or defend.[1] In spite of these guidelines and criteria, a good deal of "common sense" judgment is inevitable--judgments which can only be justified by the results they yield.

Establishing the connections between material factors--modes of economic activity, structures of production and distribution, the positions and interests of the major groups involved--and subjective variables--the consciousness of the major groups of their identity and the form this consciousness takes, the perception of their interests and of the other actors involved, their actions and the relationships they forge with other groups--moving from the objective level to the subjective level, and vice versa, remains a problem. In addressing this difficulty, an adaptation of Antonio Gramsci's theoretical framework for analyzing "relations of force" in a given situation[2] was found to be useful even though Gramsci's framework does not fundamentally resolve the problem.

Gramsci's scheme distinguishes three levels in any given reality. The objective level is defined by the degree to which the productive forces are developed and by the relations of production involved. This objective level is ultimately manifested in the class structure which is the subject of investigation. The objective level leads to the subjective level, or the degree and type of consciousness of class. Finally, this

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[1] See pp. 18-9 above.

[2] I have paraphrased and extrapolated from the section in Antonio Gramsci's Selections from the Prison Notebooks (New York: International Publishers, 1971), edited by Quintin Hoare and Geoffrey Nowell Smith, contained on pp. 175-85.

subjective level leads to the activist level, or the political actions of the actors involved. Analysis of the first level establishes the type of society and hence the types of consciousness that can be expected realistically. Analysis of the subjective level in turn, establishes the most likely courses of action. In turn, analysis of the specific social relations reinforced and or undermined by political actions establishes the ways in which the particular actions analyzed both react back on the objective level as well as influencing the subjective level. The causality in this scheme is therefore the same as that in the theoretical framework applied in this study: it is both dialectical and also involves a process whereby the options determining a given situation, set the conditions that the next set of options must contend with.

Applying Gramsci's scheme involves the not inconsiderable task of operationalizing these rather broad and abstract categories. Then assuming a procedure is found that makes this an achievable task, and assuming it is successfully carried out, we are still left with the fundamental problem we began with: how do we move from the material to the subjective and vice versa, what is the exact nature of the connections between the three levels? The answer to this methodological dilemma can only be that the analysis is justified if it clarifies the relationships significant to a deeper understanding of the social reality under investigation. Such indeed, was the case with the theoretical framework applied in this study.

The theoretical framework applied enables us to organize the "significant" facts without straining either the relationships established by theory or the empirical contents of the reality being analyzed. The results that follow from the model of the process analyzed accord with observed reality: the outcome that follows from the model corresponded with what

"in fact" took place. The problem of course, is that there is a certain amount of teleological reasoning involved. The logic remains to a certain degree circular and cannot completely free itself of the "truth by definition" stigma. It could only do so if it were able to "predict" in the unambiguous manner of an experiment with controls conducted in a laboratory setting. The problem that remains therefore, is that the methodology followed in this study does not allow for "prediction" in the sense that a positivistic, unilinear model might.

We saw that the theoretical framework applied to Peronism yielded an analysis that "predicted" at least two major possible outcomes based on the ways the contradictions within Peronism might have been resolved. The outcome that did occur could only be "predicted" based on the direction Peronism leaned in resolving its contradictions.[1] Seen from the vantage point of "grand theory building" or from the optimistic expectations found in modernization literature's heyday of the late fifties and early sixties, the achievements of the methodology applied in this study may seem modest indeed. Yet, by the criterion of not contradicting observed reality alone, the analysis yielded by this study's theoretical framework represents an important improvement over the mainstream literature.

Ultimately, the justification for the theoretical model used to analyze Peronism was the "understanding" it produced. By focusing on the factors needed to analyze the important relationships, and by clarifying the contradictions within them, a deeper and more comprehensive assessment of the phenomena under scrutiny was gained than would have been possible

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[1] This theme is explored throughout, but especially in Chapter 5 above.

through another methodology.[1]

Though it cannot lead to prediction with any degree of certainty, this analysis of Peronism can provide an understanding of the dynamic elements operative below the surface of current Argentine politics. It will be recalled that the theoretical model this study relied on conceived of each stage as, in a sense, the product of the previous stage. Since each stage contains within itself the next, a thorough analysis of one stage provides the insights needed to understand its successor. For this reason, analyzing the basic continuities of a developmental pattern with its immediate predecessor and the ways in which it diverged, proved useful in specifying and clarifying the contradictions within one stage, and thereby also helped to provide an understanding of the manner in which these might be reformulated in the next stage.

Thus, the 1930-43 period was analyzed as a modification of the externally oriented growth pattern that prevailed before 1930. The basic continuity consisted in that the agro-exporting sector remained the foundation of economic activity and social and political power. The contradictions within this stage arose from the modifications (departures from the previous pattern) introduced to salvage externally oriented growth. Chapter 3 showed the conditions resulting from these contradictions which made Peronism a viable response. In the same way, analyzing the continuity and differences in the Peronist developmental model with that of the 1930-43 stage, served as an analytical handle in delineating the contradictions

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[1] In this respect, Jean Jordan Kirkpatrick's "Peronist Politics in Argentina; Composition, Expectations and Demands of the Mass Base " Ph.D. Dissertation (Columbia University, 1968), though it contains useful data, falls short theoretically. Kirkpatrick's work is analytically thin and does not contribute to an in-depth understanding of the subject.

within it; which in turn, led to the demise of the internally oriented growth model and its reformulation into the pattern of dependent industrialization.

What then did the application of the dependency theory framework in this study reveal about the underlying dynamics of Argentine development? What were the insights and understanding derived from analyzing the major modes of economic activity and shifts therein as these affected the evolving class structure and particularly the determinative relationships within and between national and foreign groups?

Chapter 2 began the analysis of the developing class structure in the context of the predominant forms of economic activity. Its basic point was that an oligarchy entrenched itself at the apex of the social structure through the ownership of vast tracts of land used for raising and cultivating agro-pastoral goods for export. The oligarchy used its economic power to control the state and, at the same time, the state played a key part in the consolidation of the oligarchy's economic and social position. Indeed, the state was instrumental in conferring ownership over thousands of acres of land to the handful of families comprising the oligarchy. The state was also instrumental in cementing the relationships between the locally dominant groups and the representatives of foreign capital, which provided the foundation for the externally oriented growth pattern. The strategic structures for the drainage of capital were established through regulations that guaranteed monopoly conditions for foreign, mostly British investors over export and finance. Hence the British-owned railroads, meat-packing plants, port facilities, and their control of banking.

In analyzing the externally oriented growth pattern, Chapter 2 also covered the gradual shift from Great Britain to the United States as the dominant external pole in Argentine development. Beginning with the First World War and continuing into the twenties, within the traditional two-way flow of exchanging rural exports for industrial imports which linked Argentina to the United Kingdom, a three-way pattern was taking shape. England's importance as a market continued, indeed increased, but the U.S. began displacing Great Britain as the major source for imports. Increasingly, Argentina came to depend on her favorable trade balances with England to cover her deficits with the United States.

Chapter 3 analyzed the policies of the thirties which represented the oligarchy's response to the shifts undermining the externally oriented growth pattern. Though these policies succeeded in revitalizing the Anglo-oligarchic relationship on a modified basis, the contradictions that these modifications gave rise to in turn provided the conditions that made Peronism a viable response. Even though confined to a limited import substituting variety, the growth of domestic manufacturing was the key factor in this process. Industrial activity expanded even as it was kept in a subordinated position; the labor force increased while its demands were suppressed. Thus Perón was able to build a mass movement on labor's demands while he held out the promise of expanded production for industrialization.

The greatly enlarged scope of action for the state that was needed to address the threat to the ongoing relations of production resulting from the crisis of the thirties, meant growth in the size and strength of the state apparatus. Homogeneity of the old power structure through which the interests of the dominant agrarian sectors and their foreign allies were expressed was now swept away by the modifications required to

maintain the equilibrium of the economic structures under stress. This led to greater autonomy for the state which, in turn, was further reinforced by the fact that it no longer simply translated the interests of the ruling class but now had to take into account those around the accumulation of industrial capital. The state became more of a mediator in the increasingly complex power bloc. This tendency reached its high point in the Peronist state. State intervention and, correspondingly, growth in the bureaucracy increased greatly in the forties. In this sense Peronism represented a continuation of existing trends. The fundamental difference was that, ironically, the strengthened state was used against the very sectors responsible for its growth.

Chapters 2 and 3 examined the first two conditions for the emergence of a transitional period. They analyzed 1) crises in the international system and their domestic repercussions, and 2) the developing infrastructure for the emerging pattern, the growth of the manufacturing sector. Chapters 4 and 5 look at the last two conditions for a transitional process to take place. They deal 3) with the mobilization of a political force strong enough to counter that of the traditionally dominant groups, and 4) with the material conditions necessary to realize the new pattern.

Peronist policies represented a direct continuity with the policies developed in the thirties in as much as they promoted an import substituting industrialization within a capitalist framework, principally centered on industry with a lower organic composition of capital. Peronism departed from its predecessors in that it sought to resolve the contradictions in the limited import substituting industrial development of the thirties through the full scale import substituting model of internally

oriented growth of the forties. The theme in the analysis of Chapters 4 and 5 was to show how Peronist policies transformed existing contradictions through an impact that led from quantitative to qualitative change, and in the process created the contradictions which in turn led to the disintegration of the Peronist developmental model.

Chapter 4 showed that the quantitative increase in industrial activity under Peronism produced a developmental pattern that diverged qualitatively from the modified externally oriented growth of the thirties in several fundamental aspects:

1. Peronism reversed the traditional relationship and subordinated rural interests to promote industrial development
2. Directly counter to the policies of the previous period, Peronism dismantled the British presence within the Argentine economy and
3. The predominant forms of economic activity shifted from supplying external markets to being oriented towards the internal market

Analyzing the continuity and differences in the Peronist developmental pattern with that of the immediately prior period also facilitated an appraisal of Peronism's strengths and weaknesses. In that it accurately reflected the contradictions of the thirties, Peronism's achievements and limitations can be traced to the populist-nationalist doctrine it appropriated from the critics of the Anglo-oligarchic connection of the "infamous decade." Chapter 4 showed how the inclusiveness of populist-nationalist doctrine served Peronism well in mobilizing a broad-ranging coalition to counter the previously dominant interests. In addition, the simplistic view of industrialization as a cure-all in populist-nationalist doctrine provided Peronism a useful impetus since it was in tune with the transitorily beneficial conditions of the World War II and post-war period. Externally, the wartime conditions increased the demand for Argentina's traditional exportables thus making for an accumulation of foreign

exchange reserves, while the lack of competition from foreign producers allowed Argentine manufacturers to increase production. Internally, the traditionally powerful socio-economic groups were in disarray, which made the political pressure generated from Peronism's mass mobilization more effective and made possible the regime's social and sectoral redistributive policies benefiting industrial development.

This was the favorable confluence of factors that facilitated Peronism's achievements. The regime was able to cover the costs for the two interrelated areas wherein its policies showed the most dramatic successes. In the industrial area, Peronism achieved one of the highest growth rates in Argentine history and, in the area of social welfare, the most equitable distribution of wealth ever recorded. The one was tied to the other in that industrialization depended on mobilization, and mobilization depended on the material benefits derived from the regime's redistributive policies.

The Peronist program, derived from its populist-nationalist doctrine, was an attempt to forge a multi-class coalition centered around national industrialists and the urban working class. The Peronist state acted as a substitute for a weak and non-selfconscious national bourgeoisie. By implementing a program serving their interests, the Peronist state functioned as an instrument of the national bourgeoisie. In a fundamental sense it was thus acting in contradiction to its social base which remained overwhelmingly working class. However, in the favorable conjuncture within which Peronism operated during the first half of its decade in power, this contradiction remained latent. Chapter 4 showed that despite the regime's systematic efforts to promote the interests of national industrialists, as a class, they remained in the ranks of the opposition. The close proximity

of the dominant sector within the industrial bourgeoisie to the oligarchy may provide a partial explanation for this paradox. Such a proximity would also account for the espousal of a qualified industrializing program in the thirties.

Consistent with its populist-nationalist doctrine, Peronism viewed national capitalists as a progressive force and believed that the promotion of manufacturing activity in and of itself, without the need to alter relations of production, was sufficient to achieve national liberation. In this sense Peronism was an essentially bourgeois doctrine. Thus, though its underlying contradictions contained some revolutionary strains calling for changes transcending the existing order, Peronism remained a reformist regime, an outgrowth of the socio-economic currents and accumulated grievances that found fertile soil in the conditions of the forties. A major preoccupation in Peronist policies was to prevent class struggle from "spilling over" from the sphere of circulation into that of production. Perón often justified the social welfare measures undertaken by his regime as means of giving the workers a stake in the system.

Confining reforms to the sphere of circulation was a source of both strength and weakness for Peronism. A source of strength because the regime's redistributive measures coincided with the favorable conjuncture and Peronism was thus able to achieve the major successes that it did. Following a path that scrupulously sought to avoid class conflict allowed Peronism to make greater gains in the area of social welfare and industrial growth than it could otherwise have achieved. As Chapters 5 and particularly 6 showed, the weakness in this approach was that once the favorable context no longer held, the class contradictions in the Peronist formula made it impossible to sustain these gains. Similarly, the inclusiveness of Peronism's

populist orientation was the positive side that allowed it to undertake a broad-ranging popular mobilization, providing the regime an effective political tool with which to counter the power of the traditionally dominant interests. This glossing over of class distinctions was also, however, the negative side that prevented Peronism from effectively confronting its contradictions at a time when the conditions were most advantageous.

The survey of Peronism's orientation towards the major social groups and of the attitudes of the major actors in the class structure towards the regime in Chapter 4 concluded that the Peronist period was the decisive stage in the transitional process. The fact that Peronism chose to use the state and popular mobilization as "pressure" to influence class relations indirectly, rather than restructuring state power on a class basis to use it in altering relations of production, played a key part in determining the nature of the succeeding developmental pattern. Chapter 5 showed that in failing to confront its underlying contradictions, Peronism's populist-nationalist orientation proved a hindrance in making the readjustments that would have given it a better chance to surmount the developing crisis of the fifties.

Of course to have moved explicitly to establish a socialist state and promote accumulation of capital outside of the framework of capitalist relations of production would have entailed staggering costs. The oligarchy and industrial bourgeoisie would most likely have precipitated a civil war. The one million dead Perón spoke of may be a somewhat exaggerated estimate, but clearly the price for a revolutionary confrontation in Argentina would be high.[1] Moreover, as every other attempt to achieve a social-

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[1] See p. 328 above.

ist transformation in the Third World context demonstrates, the internal upheaval combined with concerted pressure from international capitalist forces exacts a heavy long term toll. Like their Cuban and Nicaraguan counterparts, Argentine workers would have had to sacrifice higher levels of consumption for decades. However, given the reality of the three decades after Perón's overthrow, it is not at all clear that such a price tag would not ultimately have proven to be cheaper. In the first place, Argentine workers did bear the major cost for the attempt to provide a profitable climate for multinational capital and the agro-exporting oligarchy. Secondly, the campaign to repress the forces for revolutionary change was a costly one in human lives. Finally, the result of opting for development within a capitalist framework is an Argentina in chaos with only the bleakest prospects for the future.

In any event, to weigh the ultimate consequences of the programmatic thrusts implicit in the policies of the 1943-50 period is beyond the scope of this study. The methodology pursued by the analysis is less concerned with speculating about hypothetical outcomes than it is to highlight the dynamics underlying the actual course of events as these took shape in the prior stage. It is in this context that the implications of Peronism's opting to move toward the capitalist pole in its labor-national bourgeoisie alliance are evaluated.

Overall, Peronism's shortcomings were not found to lie in the steps the regime took to confront the external pole in Argentina's dependency. Given the limited control it had over this area, the Peronist government moved about as effectively as it could. Indeed, the creation of I.A.P.I., liquidating the foreign debt and minimizing financial dependency, eliminating foreign control over the internal transportation network with the nationali-

zation of the railroads and port facilities, the building of a strong Argentine merchant marine, all represented major achievements in the quest for economic independence. Argentina has never had greater control over its export structures. Peronism's basic weakness lay in its neglecting to alter the internal relations over which it could have wielded greater control. This deficiency derived from the social relations Peronism's populist-nationalist doctrine led it to promote.

Peronism delivered the final deathblow to the hegemony of British interests within the Argentine economy. In this respect also Peronist policies represented a case of quantitative change leading to qualitative change. The policies of the thirties represented an attempt to salvage externally oriented growth through its modification by promoting a certain degree of internally oriented growth. By intensifying this trend, Peronism ended up subordinating foreign trade to the exigencies of internally oriented growth. While the nationalistic policies pursued by Peronism in the industrial area and in relation to foreign investments eroded the foundations of Great Britain's hegemony, they did not fundamentally harm U.S. interests. In contrast to the policies of the thirties, the steps Peronism took prevented even a partial resurgence of British interests within the Argentine economy. This was the visible side of Peronism's program for economic independence. Chapter 5 examined the less visible side of Peronism's import substituting industrialization and analyzed how it expedited the process whereby the U.S. replaced England as hegemonic within Argentina's economy.

The analysis showed Peronist policies to be a case of quantitative change leading to qualitative change. Peronist industrialization did not differ in content, but its magnitude did to the extent that it changed

the predominant form of economic activity; which in turn produced a shift in Argentina's relations to external economic groups. The corollary to the accelerated import substituting industrialization promoted by Peronism was an increased dependence on imported machinery and capital goods. Examination of the trade patterns for the Peronist decade showed that a tripartite pattern, whereby Argentina had to realize favorable balances in its European trade in order to cover the growing deficits in its trade with the U.S., replaced the traditional two-way flow that had been the basis for the Anglo-oligarchic connection. This three way pattern was conceptualized in this study as "indirect dependency."

In accordance with the theoretical framework which conceived of Peronism as the pivotal stage in the transitional process between externally oriented growth and dependent industrialization, the analysis in Chapter 5 looked inside indirect dependency for the key elements shaping the next developmental pattern. The data analyzed showed a discernible shift from indirect dependency to dependent industrialization.[1] This was especially noticeable as the favorable conjuncture for the Argentine economy deteriorated in the fifties. European recovery from the war and the imposition of trade barriers, as well as competition from U.S. and Canadian wheat exporters, cut into Argentina's financial base for importing raw materials, machinery and equipment needed for continued expanded production. Moreover, increased local consumption of foodstuffs due to populist-nationalist redistributive policies further complicated matters.

In addition to examining the external sources of the crisis of the fifties, Chapter 5 also analyzed the forms the regime's response took and

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[1] See pp. 313-20 above.

how its "choices" shaped subsequent developments. As conditions worsened, the contradictions within Peronism could no longer be contained. The regime had two basic programmatic directions, both of them implicit in the policies of the 1943-50 period, in which it could have moved. It could have strengthened capitalist development or it could have moved in a socialist direction. Both had severe socio-economic and political costs attached to them. Perón responded slowly and in a vacillating manner which was a major factor in the survival and resilience of Peronism in the post-1955 era. Hence workers were able to cling on to the myth of "Perón as the champion of labor" in their fight against regimes that were carrying out more clear-cut versions of policies the Peronist government of the fifties was already beginning to implement.

Analysis of the First Five Year Plan (1947-51) showed it to be a programmatic expression of the attempt to forge an alliance between the industrial proletariat and bourgeoisie at the expense of the agro-exporting sector. With the favorable conjuncture gone, this attempt no longer proved tenable and the Second Five Year Plan (SFYP) expressed the regime's intended readjustments. The SFYP began to formalize a new relationship towards bourgeois sectors revolving around the land-owning oligarchy and those involved in the production of durable and capital goods, at the expense of the workers.

In applying the study's theoretical framework, the analysis found four determinative shifts in the policies of the fifties which revealed the direction of the outcome of the transitional process under scrutiny:

1. The cost of development shifted from the surplus generated by the rural sector to that created by urban labor
2. In addressing the dual, potentially contradictory, development of industry, the nascent heavy and capital goods branches were favored over the

light, non-durable goods producing sector

3. Agricultural output was now promoted by providing material incentives to the oligarchy

4. There was movement away from the pursuit of economic independence and toward a greater role for foreign capital

Chapter 6 showed that these trends were consolidated in the decade after Perón's overthrow. In the sense that the 1955-65 policies essentially sought to promote capital accumulation at the expense of the working class while also giving foreign capital a greater role in Argentine development, there was a basic continuity with the 1950-5 period. As the program of "economic orthodoxy" incorporating the I.M.F.'s prescriptions during the Frondizi presidency showed with particular clarity, the extent to which these directions were pursued in the policies of the post-Perón decade again made this a case of "quantitative to qualitative change." The end result was a developmental pattern qualitatively different from the one that prevailed during the Peronist years. Peronism is seen as the pivotal stage in the transitional process because it promoted manufacturing until it became the predominant form of economic activity and thus elevated the industrial sector to the center of the nation's economy. Peronism thereby established the infrastructure for the emerging pattern. In addition, the direction in the regime's policies which sought to resolve the contradictions within its populist-nationalist formula, also provided the foundation upon which the interests of the set of relationships between national and foreign groups emerging as dominant in the next period rested. That is, reinforcing capitalist relations of production and providing a stronger role for foreign capital guaranteed the emergence of a dependent industrial economy.

Chapter 6 examined the economic and political contradictions in the process whereby monopolistic multinational firms came to occupy the pivotal

positions within the industrial sector, contradictions which eventually led to Perón's return to power after eighteen years of exile. The attack on the workers' living standards served to radicalize them politically. State policies became the most important immediate determinant in income reallocation away from the lower income sectors. Hence, even the economistic struggle for better wages was intensely politicized. The workers clung to Peronist doctrine as their link with the past when their interests had been promoted in government policy. Severe repression backfired; it cemented adherence to Peronism and increased working class combativeness.

In the 1955 coup the military had acted as an instrument of a bourgeois-oligarchic alliance against the working class side of Peronism's populist-nationalism. Though united in opposition to the industrial proletariat, the agrarian and industrial and the national and internationalized sectors of the bourgeoisie also had diverging interests. Once government policies no longer promoted working class interests, their alliance fell apart on its internal contradictions in the course of the sixties. In particular, policies favoring foreign capital also hurt national entrepreneurs and finally drove them back into coalition with the workers in demanding the return of Peronism.

The near two decades between the Peronism of the fifties and the seventies were a period of chaos and upheaval. Though the monopoly-multinational sector of the bourgeoisie had their interests implemented in economic policy, they lacked "political hegemony." Therefore the pursuit of their interests aroused major and, at times, seriously debilitating, opposition. The Peronist heritage was the single most important factor in this opposition. Concessions had to be made and the monopoly-multinational project suffered periodic setbacks. Finally, with General Onganía's coup in

1966, the military attempted to overcome the lack of political consent from important sectors with the coercive power of the state. The Krieger Vasena Plan represented the most clear-cut imposition of the monopoly-multinational project. It succeeded only in bringing together all adversely affected sectors into the opposition and thus served to politically isolate the monopolistic-internationalized bourgeois sectors even further. The military reversed its strategy as General Lanusse replaced Onganía. Previously it was thought that economic development would produce political stability; now the thinking was that only political stability could lead to economic development. The military had to confront the bitter truth: only with Peronism back in power was there any hope of political stability.

The second Peronist period was an attempt to recreate the same basic coalition of classes as in the first period. Analysis of the Three Year Plan (TYP) showed the basic continuity in programmatic thrusts between the first and second Peronist periods. TYP failed because it was based on the same model of capital accumulation as the First and Second Five Year Plans. It depended on a favorable international context (for exports) to provide benefits for workers and capitalsits. When sufficient surplus could not be obtained through foreign trade, opting to stay within a capitalist framework meant asking workers to accept declining standards. The second Peronist regime replicated the experience of the first period: as the contradictions in its populist-nationalist formula intensified, it rapidly shifted its policies towards the capitalist pole in its underlying worker-national bourgeoisie Social Pact. However, the changed conditions telescoped the process that lasted a decade in the first period, into a year in the seventies. Thus, the much stronger and central position of foreign capital within the industrial economy meant a corresponding accel-

eration in the abandonment of the measures protective of national capital, and hence a much more rapid policy reorientation towards the interests of the monopoly-multinational sector.

The most critical difference with the first period however, involved the role of the workers both in returning Peronism to power and also in undermining the regime once it was in power. In the first period, it will be recalled, Perón built and cultivated his ties to labor by using the resources at his disposal in his capacity as Minister of Labor and Social Welfare. The workers played the key role in keeping Perón in power as the events of October 17, 1945 dramatically illustrated; but they were not a factor in his original ascent to power. In the second period, the workers' struggle was the main force behind Perón's return to power, and their militance also provided the chief contradiction undoing his regime. During the period of Perón's exile, the correspondence between the government's policies attracting foreign capital with deteriorating conditions for the working class, brought out the socialistic side of Peronist doctrine for the workers. As a result, there was a much stronger and much more widespread anti-imperialist and socialist consciousness, as well as a heightened level of combativeness, than had prevailed in the forties and fifties among Argentine workers. Perón was dealing with a qualitatively different working class when he attempted to recreate a modified version of populist-nationalism in the seventies.

In contrast with the first period, the Peronist regime of the seventies was unable to control the workers' militance. Perón had depended on working class militance to get back in power, but his regime's formula for retaining power was an alliance with middle sectors which rested on his government's ability to provide industrial peace and tranquility. As the

Peronist government began to promote the interests of the monopoly-multinational sector, resulting in declining living standards for workers, they responded with increased strikes. Moreover, rather than diminishing, the influence of the Marxist and Peronist left among rank and file workers reached new heights. Maintaining its ties with bourgeois sectors, meant that the Peronist government had to suppress the left and the more revolutionary inclined in its own movement. In the two years it held power, the Peronist regime was responsible for killing more than twice as many leftist militants than were killed in the eighteen years of Perón's exile. Rather than minimizing class struggle through conciliation and harmony, as it had done in the first period, the regime introduced the class war into the very heart of the movement, with the Peronist right and left butchering each other mercilessly. While the campaign of repression failed to stop the left, it did succeed in isolating the regime from its strongest base of support.

Unable to stem the wave of strikes and job actions or to erode the growing Marxist orientation among rank and file workers, the Peronist regime became superfluous and the military intervened to block the left from making further inroads into the working class. Chapter 6 concluded with a brief analysis of the programmatic thrust following upon the coup of 1976 and its implications. In the economic realm the Junta's program represented a rejection of the policy orientation that Peronism introduced and which predominated since 1943. Representing the traditional agro-based oligarchy, Economics Minister Martinez de Hoz sought to return Argentina to the role it had occupied in the international division of labor prior to the substantial development of the industrial sector. It amounted to the reintroduction of a modified externally oriented growth pattern with

the major beneficiaries being large landowners producing for export, and domestic and foreign monopolies producing manufactured goods for the high income market. Once again, for the first time since the forties, agriculture represented the largest proportion of the Gross Domestic Product.

The Junta's policies had a devastating impact on the popular sectors. In a half a decade the cost of living went from one end of the spectrum to the other; from being one of the cheapest in Latin America in the Peronist years,[1] to being one of the most expensive.[2] The devastating social costs of its economic policies made all the more necessary the Junta's campaign aimed at the annihilation of the left and the subjugation of labor.

Paradoxically, the very "success" of the Junta's policies in reorienting the axis of the economy brought about the contradictions that ultimately led to its demise. Once again a developmental pattern which hurt the interests of the national bourgeoisie was imposed largely through the latter's acquiescence in the repression of the working class. This represented the latest episode in one of the most striking characteristics of Argentine politics highlighted by this analysis of Peronism: the pendular motion in the role of the national bourgeoisie.

The Argentine experience illustrates the basic flaw in the attempt to achieve an independent capitalist development within a global economy dominated by advanced capitalist nations. In order to implement policies

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[1]The streets of downtown Buenos Aires used to be filled with Brazilian tourists for whom the cost of the trip was offset by the savings in the consumer goods they had come to shop.

[2]In 1980 the cost of living in Argentina was second only to Venezuela's, where the per capita income is considerably higher.

contrary to the interests of foreign competitors and their local allies, national capitalists depend on the working class as political allies: that is, they require the political force of the class whose economic interests are in fundamental contradiction to their own. Thus, in certain conjunctures, the interests of the national bourgeoisie coincide politically with those of the workers, but the latter remain their economic antagonists. As we have seen, in favorable international circumstances this contradiction can be postponed. However, when this situation no longer prevails, the bourgeoisie is driven by economic considerations to abandon its political ties to the popular sectors. Severing these ties inevitably results in the increasing subordination of its interests to those of the international sectors and thus drives the national bourgeosie back to seek out a new populist-nationalist coalition. Hence, the cyclical pattern in Argentine politics.

In the last chapter we saw that the national bourgeoisie left the Peronist fold in 1955 and participated in the attempt to remove Peronism from the Argentine body politic. As their position worsened through the pattern of dependent industrialization in the sixties, they became an important component in the coalition of forces that led to Peronism's return to power. During the second Peronist regime the drama resulting from the tension of the national bourgeoisie's political need of the working class and its economic contradiction with the workers repeated itself. In the pursuit of its economic interests the national bourgeoisie required a docile working class. At the same time however, to counter the power of the internationalized bourgeoisie, foreign capital, and the traditional oligarchy, the national bourgeoisie needed a politically active working class. The experience of the first Peronist period was replicated, only

in a much more intense and rapid fashion. The workers' demands were greater and the threat of the working class taking over the government as an instrument to promote their interests was much more serious. As a result, there was less ambiguity and hesitation on the part of the national bourgeoisie in resolving its contradictory relationship to the working class by opting for the repression of popular mobilization and militancy.

Again, analagous to its experience under the repressive military regime of the sixties, after the coup of 1976 the national bourgeoisie found its interests even more subordinated to those of the sectors most closely tied to foreign capital. The dialectical cycle arising from the contradictory nature of populist-nationalism thus again went full circle. The political interests of the national bourgeoisie once again coincided with those of the industrial working class.

For its part too, since 1976 the military traversed a cycle analagous to the course it travelled in the late sixties and early seventies. It began with an attempt to physically liquidate its political opposition. This, it hoped, would produce political stability and result in economic development. The political opposition was frozen but not silenced; the Junta's success in reorienting the Argentine economy did not produce political stability but instead undermined it.

Argentina's foreseeable future does not look bright. If democracy is to survive it must build a stronger base among the popular sectors with which to counter its internal foes when they resort to military power. In addition, a strong popular base is also essential if Argentine democracy is to be able to withstand the pressures from foreign capital for an ever greater share of whatever capital the already overburdened Argentine economy is capable of accumulating in the future. That is, if the <u>democratic</u>

experiment is to have any chance at all, it must become more populist and more nationalist.

As we saw in this study of Peronism, populist-nationalism can only succeed during those periods when international circumstances are favorable for the Argentine economy. Once the advantageous conditions deteriorate, populist-nationalism's central contradiction surfaces. As a formula for exercising state power, populist-nationalism rests on its ability to secure the material basis for cementing its multi-class coalition centered on the alliance of national capitalists and industrial workers. Once it is unable to find the means with which to sustain improved living conditions for the masses, populist-nationalism is driven by its commitment not to alter capitalist relations of production to policies which cut back the working class' levels of consumption. Such policies result in increased working class militance which undermines capitalist accumulation. This brings the military back to power.

The dynamics of military rule in turn, bring about the conditions for populism's return to power. The military rulers' first priority is to guarantee the stability of capitalist relations of production. They unleash a brutal campaign of repression against working class militance. Labor peace is enforced through intimidation, torture and murder. The generals also use the coercive power of the armed forces to back up an economic project that promotes the interests of the oligarchy and domestic and foreign monopoly capital as the basis for recovery. This restructuring of economic activity not only harms the working class and popular sectors in general, but also erodes the position of the bourgeois sectors in the production and distribution of wage goods. Thus the stage is set for the reemergence of the populist-nationalist formula. Improved

economic conditions for Argentina on the international scene then provide the opening for some form of populist-nationalism to regain power.

So the cycle continues as does its underlying cause: Argentina's dependency on foreign capital. Whether through the classical model of agrarian exporter where control is external through forces that determine the international market, or through industrial production centered on multinational corporate giants where control is internalized in the manufacturing sector, Argentina's economy remains dependent on foreign capital. Until social forces coalesce that are capable of effectively confronting Argentine dependency, Argentina which possesses the resources to provide a decent life for all its inhabitants, will continue to be torn apart in the drama characterized by pendular alternations between some variant of populist-nationalism and an increasingly fascistic form of military dictatorship.

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AUTOBIOGRAPHICAL STATEMENT

Thomas M. H. Kappner was born in Shanghai, China on August 11, 1944 of German parentage. He spent his youth in various Latin American countries--Brazil, Mexico, Chile, Peru, and Colombia. During his most formative years he lived in the "new Argentina" of the first Peronist period, forming a part of the only officially recognized "privileged class"--the children. Thomas Kappner retains his passionate commitment to the Latin American area as a whole, which took shape at this time of his life. At the age of sixteen he came to the United States to complete his high school education. Subsequently he went to Columbia University as an undergraduate and the City University as a graduate student. He has taught Latin American Politics at City College, Baruch College, and Hofstra University. He is married to Augusta Souza. They have two daughters, Tania and Diana.