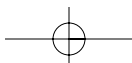
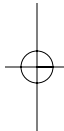
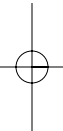
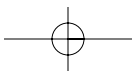
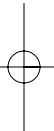
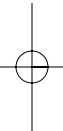




The Politics of National Capitalism







James P. Brennan and Marcelo Rougier

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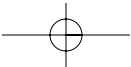
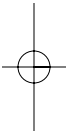
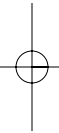
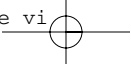
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PREFACE

Researching and writing a book is always a long, arduous process, with many moments of frustration until that final exhilaration that the historian experiences in those last stages, such as writing this preface. A collaboration of the kind that has produced this particular book has its own pleasures and challenges, among them finding the common ground that will allow the authors to present a coherent argument. This collaboration was intellectually stimulating for both of us, and though there may have been minor disagreements on some points of interpretation, in general there was a meeting of minds on the salient issues. We chose to co-author a book on Peronism and the national bourgeoisie because we felt our common efforts would produce a better study than if we had published our findings separately. We will leave it to the readers to decide whether this decision was wise. Though the book represents a true collaboration over many years and countless discussions, the authorship of the individual chapters does follow our diverse research trajectories of the last decade. Thus, Brennan's research on the Confederación General Económica and other business organizations, the metalworking industry, and the provincial economies has led to his principal contribution to the volume (Chapters 2, 4, 5, 6, 7, and 9) and Rougier's on public policy, the financial system, and the firm SIAM-Di Tella to another (Chapters 3, 7, and 8).

More than a decade of research for both of us means there are numerous people to thank; too many to name all here. We do need to recognize some,

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whether or not they will ever see these words, as a token of our gratitude. To the staffs of the Banco Nacional de Desarrollo, the Banco Central, the Archivo General de la Nación, the Confederación General Económica, the Archivo de la Provincia de Chaco, Federación Económica de Chaco, and the Cámara de Industrias Metalúrgicas de Córdoba, we owe a special debt of gratitude. Various friends and colleagues offered criticisms and help of various kinds along the way. Mónica Gordillo, Silvia Simonassi, María Lenis, Ofelia Pianetto, Raúl García Heras, Juan Carlos Torre, Aldo Ferrer, Luis Glombosky, John Womack, Jr., Emilio Kourí, Jeremy Adelman, Joel Horowitz, Mariano Plotkin, and James Shrader all read parts of this manuscript (perhaps a faded memory to most by now) and offered sound advice at various stages in the research and writing. The two readers for the Pennsylvania State University Press, Colin Lewis and Eduardo Elena, produced detailed and insightful readers' reports that were greatly appreciated and most helpful in making the final revisions. Sandy Thatcher, for years a major force in the world of academic publishing on Latin America, first at Princeton University and more recently at Penn State, has been an exemplary editor. This book will be one of the last under Sandy's stewardship as full-time editor at Penn State as he enters retirement, and we appreciate his support. Andre Barnett offered skillful editing from the Press. Two people deserve special recognition, both now in the *más allá* but alive in our hearts and minds. José Falcó, the longtime business manager of the Confederación General Económica, opened the CGE's archive and, for nearly a decade, was a source of information and provided the vital contacts necessary to get access to sensitive archives; in the process he became a great friend. Jorge Schvarzer, one of Argentina's leading economic historians and its best historian of industry and industrialists, taught us both many things and honored us with his friendship. Whatever shortcomings this book has are our own; whatever strengths it might have are thanks to the help of all those mentioned.



INTRODUCTION

The establishment and consolidation of a national capitalism was an elusive desideratum for the Latin American nations in the twentieth century. The popular nationalism that imbued the politics and culture of Latin America in the middle decades of the past century drew much of its strength from a desire among broad sectors of Latin American society to break free of the legacies of colonialism and the constraints on development imposed by the workings of the international capitalist economy. Both the right and the left shared certain assumptions about the essential injustice of international economic relations, and though they differed greatly in their proposed solutions, there was a certain convergence of opinion on some issues. There was agreement, for example, on the primordial role to be played by the *burguesía nacional*—a national and even nationalist bourgeoisie—and its potential contribution to economic independence and national sovereignty. For the left, particularly Marxists of the Third International, national capitalism represented a necessary stage in the evolution toward socialism, the “natural ally in the ‘anti-feudal’ stage of liberation movements.”¹ For the right, it was an end in itself.

1. Chibber, “Reviving the Development State?” 227–28. Chibber’s article represents the degree to which formerly favorable views of the national bourgeoisie have turned to bitter disillusionment in contemporary Marxist theory. The emphasis on an anti-imperialist national front that included a “national” bourgeoisie, as well as the petty bourgeoisie, was not confined to Latin American movements but was common to anticolonial movements in these decades. The principal promoter of the idea was the Soviet Union, which, from the 1930s onward, downplayed violent revolution, abandoned

In Latin America, this debate was never confined to arid academic disputes: it was part of a public, political polemic. What were the origins of the belief, during Latin America's "short twentieth century," in the liberating role to be played by national capitalists and a national capitalism?² Certainly some of them were to be found in the prescriptions and praxis of the region's Communist parties. Throughout Latin America, the Communists of the interwar period followed the directives of the Third International, eventually abandoning "class against class" positions and abjuring violent revolution while seeking to promote an alliance with the national bourgeoisie as part of a socialist, anti-imperialist, and antifascist front, a position that the Communists would adhere to despite postwar upheavals and greatly changed international conditions.³ Even more influential were the priorities of the Latin American militaries, which sought industrialization to improve national defense and to bolster institutional prestige. Economic nationalists within the military's ranks counted on their own capitalist classes to play a leading role in an industrialization project. The populist political movements that swept the region during the postwar period similarly made an alliance with the "national bourgeoisie" one of their discursive hallmarks, cobbling together political alliances with them with varying degrees of effectiveness.

In Argentina, the dilemmas of national capitalism were most clearly played out—as in so much of the country's contemporary history—in the history of the Peronist movement. Peronism has frequently been viewed as the principal culprit in Argentina's rather spectacular decline from semi-developed status (and, for Latin America, an impressive institutional stability) to a country virtually synonymous with political and economic anarchy.

the "class against class line," and encouraged popular front alliances. Stalin and the Third International's positions on a national or progressive bourgeoisie cannot be divorced from international politics, impending war, and the creation of broad antifascist popular fronts in the 1930s. See Hobsbawm, *The Age of Extremes*, 436; and *Dictionary of Marxist Thought*, 2nd ed., ed. Tom Bottomore (Oxford: Blackwell, 1991), s.v. "National Bourgeoisie," 393–94.

2. Jiménez, "The Elision of the Middle Classes and Beyond," 210. Our interpretation of the history of the Argentine bourgeoisie for the years under study supports Jiménez's suggestion that the rise and fall of national capitalism, rather than simply the import substitution industrialization paradigm, better captures the conflicts of the middle years of the twentieth century in Latin America.

3. The various "new left" organizations, in contrast, dismissed the "bourgeois nationalism" of this social class and emphasized its counterrevolutionary nature. Numerous examples of their antipathy are in neo-Trotskyist, Guevarist, and Maoist publications during the 1960s and 1970s. For a representative statement in Argentina, see Tiffenberg, *La burguesía en el proceso de liberación nacional*, 42–43. After falling into oblivion during the 1976–83 military dictatorship and the subsequent decades of neoliberal hegemony, the subject of the "burguesía nacional" has returned to occupy an important place in public and academic debate in Argentina. See the entire issue of the influential journal *Realidad Económica*, recently devoted to the subject: "Se busca la burguesía nacional," *Realidad Económica*, 201 (January–February 2005).

Social scientists, attempting to explain Argentina's chronic economic problems and postwar political instability, made the national bourgeoisie a key actor in the country's twentieth-century dilemma.⁴ The "what went wrong" question, however, was not only the preoccupation of professional historians, economists, and political scientists. It amounted to an understandable national obsession. At both the intellectual and the popular level, anti-Peronists blamed the movement for everything from sowing discord and class hatred in a once (mythically) pacific and harmonious society to inculcating Argentines of all classes with some bad habits in their roles as agents of economic growth and national development. They saw Peronism as responsible for declining rates of productivity as well. In their view, overly powerful trade unions had blocked, and indeed reversed, the country's progress. A coddled class of industrialists, locked in an unholy alliance with the trade unions to maintain high levels of domestic consumption and to prevent foreign competition (no matter the ultimate cost to the country's competitiveness in the world economy) had showed a galling indifference to the plight of the Argentine people, whom they had burdened with their shoddy, overpriced goods. Anti-Peronists claimed that the sinister pact between industrialists and trade unions had had baleful effects on the country's politics, sustaining the Peronist regime of the 1940s and 1950s and contributing to the country's truly extraordinary political instability between 1955 and 1976.⁵

Among Argentine historians, still concerned, like most Latin Americans, about issues of the economy, much recent work has been done on an ensemble of topics related to Peronist economic policies. Such studies have addressed everything from state planning to the history of the financial system to the greater role played by expanded government bureaucracies and public companies.⁶ The great lacuna in this economic literature has been

4. These ideas were also at the heart of Guillermo O'Donnell's "bureaucratic-authoritarian" model, in which O'Donnell argued that the "national bourgeoisie" and the role it played in the Peronist populist alliance were key components in the country's political instability between 1955 and 1976. For a concise statement of O'Donnell's thesis, see "State and Alliances in Argentina, 1956–1976," 3–33.

5. Among the many scholars who subscribe to this argument is Carlos Waisman whose *Reversal of Development in Argentina* is one of the more persuasive examples of this line of reasoning.

6. New broad overviews of the economy during the Perón years can be found in Gerchunoff and Llach, *El ciclo de la ilusión y el desencanto*, and Gerchunoff and Antúnez, "De la bonanza peronista a la crisis de desarrollo." On economic planning and the two Five-Year Plans, see Berrotarán, *Del plan a la planificación*. On the history of public credit and the financial system, see Gírbal-Blacha, *Mitos, paradojas y realidades de la Argentina peronista (1946–1955)*; and Rougier, *La política crediticia del Banco Industrial durante el primer peronismo*. On industrial policy, the bureaucracies, and public companies, see Belini, "D.I.N.I.E. y los límites de la política industrial peronista, 1947–1955" and "Parlamento, partidos políticos y política industrial en la Argentina, 1946–1955." A recent book gives a good overview of the cutting-edge research by the aforementioned and other scholars on the economy under Perón: Berrotarán, Jáuregui, and Rougier, *Sueños de bienestar en la Nueva Argentina*.

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the scant attention given to the Argentine bourgeoisie and its complicated, elusive, and at times almost inscrutable relationship with Juan Perón and Peronism.⁷ The history of the role of business in Peronism, in reality, has been the subject of conjecture rather than scholarly analysis. Business is recognized to have played an important role in the country's politics, given the corporatist character of Argentine public life between 1945 and 1976. Yet controversy surrounds its precise history, both in the rise of Perón to power and in its relationship with the Peronist state during nearly a decade of Peronist rule. Similarly, little is understood about the relationship between Peronist popular nationalism and the economic nationalism of important sectors of the country's capitalist classes following Perón's fall from power in 1955. A major part of the country's capitalist classes continued to advocate economic nationalism and maintained a close relationship with the Peronist movement after its proscription, culminating in the return of the Peronists to power in the early 1970s. Yet historians have largely ignored the role of business and its influence on the economy, society, and politics for these years.

Throughout this history, the term "business" is preferable to "industrialists," since the bourgeois component of Peronism was more complex than generally thought and was not limited to the support of new industrialists but included important agrarian and commercial components as well.⁸ The study of business, in Argentina and elsewhere, has been hindered by the apparent lack of a theoretical literature that would permit the application of social theory to historical narrative. The history of the modern world is largely the history of capitalism, and the agents of capitalism in all modern societies were their business classes. Yet "business history" remains a thoroughly ghettoized field, its practitioners, for the most part, exiled to business schools and its readership largely confined to their own MBA students, with little presence in current intellectual debates within the

7. The one notable exception has been Aníbal Jáuregui. See Jáuregui, "Los industriales ante el surgimiento del peronismo" and "Prometeo encadenado."

8. As political scientists working on business-state relations have noted, the term "business" is ambiguous and can lead to a "conceptual muddle," meaning anything from "a particular legal entity and institutional representation to the sum of all economic activity outside the household." Haggard, Maxfield, and Schneider, "Alternative Theories of Business and Business-State Relations," 36. In this book, we give "business" a broad definition that combines the various approaches they note: as a factor of production (capital), as a sectoral interest ("business-as-firm"), and as a corporatist organization ("business-as-association"), considering the relationship of each, and in a complex dynamic with one another, to the state and the political system. To their categories, we add another: the regional dimension and business interests as defined by economic geography and history. We subsume all these categories with their representation in a certain social class: the bourgeoisie and its various fractions.

social sciences, much less mainstream historical scholarship. This can hardly be explained because of the scarce importance of capitalists or capitalist organizations in contemporary history. It seems to be due in part to the antimaterialist bias of the current fashion in historical scholarship as well as to the failure of business historians to engage larger questions about global economic development and class conflict, for example, rather than just the history of the firm.

An intellectual tradition exists, however, largely of North American origin, which, by combining the historical method and on occasion economics, has laid the groundwork—if less than an outright “social theory”—that offers an intellectual framework with which to study entrepreneurial behavior and the role of business in contemporary society. Beginning with Thorstein Veblen’s *Theory of the Business Enterprise* through expatriates Joseph Schumpeter’s and Alexander Gerschenkron’s masterful studies of entrepreneurs and entrepreneurship and finally the pioneering works of Alfred Chandler, Thomas McCraw, William Lazonick, and other business historians, it is possible to trace a body of empirical work and some theorizing about the role of business in the economy and, more broadly, in economic history. The weakness of this “North American school” is its almost exclusive attention to the Anglo-American experience or, at most, to that of the developed and industrialized economies of North America, Europe, and Japan. The role of the state, a crucial instrument of economic development in most parts of the world, is neglected, as is (save in Lazonick) the importance of labor. Small business is slighted at the hands of the great corporations. It has also lacked a broader historical vision. “Business history,” properly speaking, has been the study of the firm and its management, at the expense of larger economic, political, and social forces.

What follows is essentially a political history of the Argentine bourgeoisie, at most a political economy study, but one that is relevant to larger issues of economic history. For Latin America, the so-called New Economic History (NEH) claims to have discovered the keys to unraveling the region’s economic troubles by attending to institutions and property rights. The trouble with this line of reasoning is that it shares with the dependency theory it so reviles a certain ahistoricism. In the case of the NEH, the “lag” in economic development that its practitioners have detected in the eighteenth and nineteenth centuries is, in a reverse teleology, projected onto the twentieth century. Very little of the NEH’s research and findings have dealt with post-1929 Latin America. In his otherwise cogent critique of dependency theory, Stephen Haber makes unsubstantiated claims of his own for modern economic

history.⁹ For example, his *longue durée* view of the insignificance of any deterioration in terms of international trade as an explanation for Latin American development fails to account for the importance of international economic influences at critical conjunctures. This study considers the 1950s, which witnessed just such an across-the-board deterioration (oil excepted) for Latin American primary commodities at a crucial moment when real possibilities existed for industrialization in Argentina and elsewhere in Latin America. Similarly, few even within the *dependentista* ranks would hold to the extreme positions he ascribes to them for the recent economic history of the region, of a *comprador* bourgeoisie controlling a weak state, both unable or unwilling to adopt vigorous policies in pursuit of economic development.¹⁰ Indeed, one of the hallmarks of the modern Latin American history has been the influence of a national bourgeoisie and a wholesale expansion of the state in the national economies. Characterizations as simply “crony capitalists” do little to advance our understanding of their history.

We have attempted in this book to draw on the contributions, perspectives, and insights of the diverse, often competing schools of economic history. The influence of old institutional economics is represented in our attention to economic policy and business organizations, especially the peak association, the Confederación General Económica (CGE). The “new institutionalism” and the NEH’s concerns are present in the analysis of the financial system. Marxist political economy appears in our emphasis on class dynamics and class conflict as influences on economic policy. Even the much-maligned dependency theory receives a kind of a posthumous vindication in the attention given to international pressures and constraints exercised on economic development, though we believe that it is the peculiarities of each national case to best explain the diverse trajectories of the

9. Both Haber and Coatsworth trace the origins of twentieth-century underdevelopment to nineteenth and even to eighteenth-century roots. Indeed, Haber begins his volume *How Latin America Fell Behind* with a highly polemical assertion: “The tremendous gap in per capita incomes between the major economies of Latin America and the economies of North America is not a product of the twentieth century. . . . Rather, the income gap is the product of the eighteenth and nineteenth centuries” (1). Such a statement, we believe, conflates nineteenth-century processes with twentieth-century outcomes. Among other omissions, it ignores the progress made by the Latin American economies in the twentieth century, among them increased levels of industrial development, and the peculiar problems faced by the Latin American economies in the postwar period. Argentina is an interesting case study for issues of economic development because of the success of its export economy in the late nineteenth and early twentieth centuries, its fast rates of growth, its wealth and the significant industrialization experienced by the country by the end of World War II, followed by chronic problems and unremitting decline in the last half century.

10. See Haber, introduction to *How Latin America Fell Behind*, 8–15. On the NEH (inspired by Douglas North’s “new institutional economics”), see also the introduction to the volume edited by Coatsworth and Taylor, *Latin America and the World Economy Since 1800*, and Haber and Bortz, “The New Institutional Economics and Latin American Economic History.”

Latin American economies, including Argentina's. The biggest obstacles to capitalist development were internal, not exogenous. Collectively, the book amounts to, we contend, a new approach to the research and writing of Latin American history, one that might best be described as a "new business history." We prefer that appellation simply to mark out differences with the older, Chandlerian "business history," which masterfully studied entrepreneurs and individual firms but without critically engaging their importance to larger historical processes, whether in the economy, in society, or in politics. A greater eclecticism, as Paul Gootenberg has pointed out, means that a new business history has the potential to be "true to the ecumenical sweep of prior economic historians."¹¹

This book is organized on several different levels. First, it offers the only thorough history of the CGE based on extensive archival research, including the CGE's own archive made completely available for the first time to a researcher. It also studies the history of the Argentine bourgeoisie and its relationship to Perón and the Peronist movement by analyzing the history of one industrial sector, the metalworking industry, and two regional economies, one primarily industrial (Córdoba) and another predominantly agrarian (Chaco) with some attention paid also to a third (Tucumán) that, with cane cultivation and sugar refining, combined features of both. Though the study covers a three-decade period, it concentrates on the years of Peronist government (1945–55, 1973–76).

The subject of this book has taken on greater relevancy than we ever imagined when we began research in the mid-1990s. In December 2001, Argentina defaulted on its foreign debt, one of the largest defaults in modern history, bringing to an end a decade of so-called neoliberal reform. The default was accompanied by a near collapse of the country's banking system, violent social protests in the country's major cities, and a political crisis that saw five presidents succeed one another in the span of a month. The election in May 2003 of the Peronist Nestor Kirchner to the presidency seems to have signaled an end to the neoliberal reforms, which in reality were begun during the military government from 1976 to 1983. These reforms were intensified in the 1990s during the presidency of Carlos Saúl Menem (1989–99). Peronist president Nestor Kirchner spoke frequently after his 2003 election of resuscitating a model of "national capitalism." Though it still remains unclear what he or his wife and successor to the presidency, Cristina Fernández, have meant by this, recent scholarship on the economic history of these years illuminates the nature of the policies adopted before the neoliberal reforms and their effects on the broader political economy.

11. Gootenberg, "Between a Rock and a Hard Place," 247.

Related to such debates is a renewed polemic on the “national bourgeoisie,” at first initiated by the government but quickly taken up by business sectors demanding policies favorable to local industry—defining themselves as the “national bourgeoisie”—reborn following the 2001 economic collapse. This is an important development since the outlines of economic policy and the encouragement of the state’s powers, on the one hand, as well as the constitution of a certain class to promote and support them, on the other, form the keys for executing the strategic objectives of any government, even when these have not taken a final, clear shape.

The search for a social actor with the will to promote a national capitalism in the current setting recalls the heated debates in the 1960s regarding the role of Argentina’s industrialists and, by extension, those of Latin America. The debate revolved around the “historic interests” of the so-called national bourgeoisie and whether those interests had changed. For some Marxist intellectuals, industrialists found themselves tied from their origins to the landed elite and foreign capital and therefore did not constitute a true national bourgeoisie. Others, in contrast, emphasized that industrialists, along with the working class, had the capacity to surmount the opposition of powerful social actors and establish a national capitalism based on the power of local industry.¹² In essence, this debate was derived from a false premise that projected the classic Marxist distinction between the immediate and historic interests of the proletariat onto industrialists. History took care of dispatching with this debate years later when, in the 1990s, a good part of the local bourgeoisie sold their companies to foreign capital and practically disappeared as a social actor capable of mobilizing in pursuit of a project to build a national capitalism. Recent history clearly demonstrates that social groups do not have predetermined “historic interests” and that business may or may not contribute to national development in accordance with the circumstances and previous experiences that, to an important degree, are determined not only by institutional frameworks but also by the channels and practices of exerting political power. At any rate, the debates of the 1960s and the early 1970s about the existence or nonexistence of a national bourgeoisie, although they may today seem remote, are not irrelevant to the extent that, revisiting the subject, we are permitted to refocus on the conformation and characteristics of certain business groups and the relationship they established with political forces and the public bureaucracies.

12. Such debates were ubiquitous in Marxist circles in Latin America during the middle decades of the twentieth century. For Argentina, the polemic can be seen, among others, in Peña, *Industria, burguesía industrial y liberación nacional*, and Ramos, *Revolución y contrarevolución en la Argentina*.

In Argentina, ideas concerning the development of a national capitalism began to take shape largely after World War I. In the local setting, such ideas emerged because of questioning of the liberal political system that became widespread in other parts of the world. More decisive steps in the genesis of economic nationalism could be traced to criticisms about the vulnerability and dependent nature of the local economy with respect to foreign demand for its products and international capital flows. These ideas were first presented in a very fragmentary way and would take shape only with difficulty in subsequent decades articulated by varied political and social actors.

Economic nationalism had its first concrete expressions in the 1920s when some conservative intellectuals grouped around the *Revista de Economía Argentina*, headed by Alejandro Bunge, began to propose certain modifications to the established economic model. In essence, this group warned of the necessity of developing the country's regional economies and strengthening industry to lessen the impact of external shocks to the agro-export economy. Such positions had been influenced by Frederick List's ideas of economic nationalism, which held that the state should play a larger role by protecting domestic industry with tariff and other policies while at the same time fomenting the development of the internal market.¹³

These ideas had a strong effect on local industrialists, and even though they did not exert great influence on politicians and governments of the period, they helped create a framework of "nationalist" ideas that took shape in the years following World War I and would assume even greater significance following the economic crisis of the 1930s. In fact, the intellectuals grouped around Bunge influenced the measures undertaken by the conservative governments of that decade, which expanded the role of the state during the Depression. Though these were measures tending fundamentally to prop up the flagging agro-export sector, such intervention contributed to reinforcing sectoral ideas that propelled import substitution industrialization and led, ultimately, not only to questioning the agro-export model but also its social base of support.

A second line of thought, more amorphous and eclectic, came from national-conservative intellectuals, who rejected the principles of liberal constitutionalism and laissez-faire economics. These groups, harsh critics of the experiences with the Radical governments from 1916 to 1930, encouraged or saw, with satisfaction, the military coup of September 1930, which overthrew Hipólito Yrigoyen, and the establishment of the corporatist government of General José Félix Uriburu, though they were critical of many of

13. See, on this issue, Llach, *La Argentina que no fue*.

the measures undertaken by the Conservative governments after 1932 during the “infamous decade.” Representative intellectuals, such as the brothers Julio and Rodolfo Irazusta, denounced the country’s economic subjugation imposed by Great Britain through the Roca-Runciman Pact and differentiated themselves from the alliance of imperialism with the oligarchy opposed to the “national cause.”

In this particular context, other nationalists also focused on denouncing economic imperialism, although, unlike previous critics, they were favorably disposed to Yrigoyen’s movement. Such was the case of the Fuerza de Orientación Radical de la Joven Argentina (FORJA) created in 1935 to modernize the Unión Cívica Radical from within. As with the right-wing nationalists, the FORJA regarded the penetration of British imperialism—and their local agents, the landed oligarchy—as the most important obstacle that Argentina had to confront to achieve “economic emancipation.” Arturo Jauretche, one of the principal figures of the FORJA, insisted on upholding a vision of the world that gave primacy to a particular geographic space and had as its essence the “popular will.” There were also certain intellectuals that without belonging to a clear political tendency had great influence among the group of “popular” nationalists. Raúl Scalabrini Ortiz, José Luis Torres, and Jorge del Río were among those who, with their criticisms of British imperialism, the oligarchy, and monopolies, helped to disseminate ideas of Argentine economic nationalism.¹⁴

The criticism of conservative governments, identified with the oligarchy and imperialism, infiltrated the labor movement, which was, until then, reluctant to identify itself with national causes. In the mid-1930s, the Confederación General del Trabajo (CGT), the national labor confederation, began urging the forging of “a movement truly revolutionary in the broadest sense of the word, against the oligarchy and in favor of the country’s economic independence, today subjugated and oppressed by foreign capital.”¹⁵ These ideas were not unanimous among the affiliated unions, and often such sentiments fluctuated in intensity according to international circumstances, such as, for example, the abandonment of the anti-imperialist struggle on the part of the Communists as a result of stressing the antifascist struggle during the Spanish Civil War and World War II. Nonetheless, many unions soon began to criticize foreign capital and, in some cases such as the railroads, demand their nationalization. In their own way, the working class was also developing a gradual, albeit limited, national consciousness that contributed to leavening the ideas of economic nationalism.

14. Canton, Moreno, and Ciria, *Argentina*, 194. On the FORJA group, see, among others, Buchrucker, *Nacionalismo y peronismo*.

15. Quoted in Matsushita, *Movimiento obrero argentino, 1930–1945*.

Finally, nationalist thought had a profound effect on the army. Military officers also contributed to the formation of a core of ideas that coalesced around the development of a national capitalism and of industrialization. These ideas were announced early through some specific measures in the 1920s with the establishment of the national oil company, Yacimientos Petrolíferos Fiscales, and the Fábrica Militar de Aviones. The military's most outspoken advocate of "industrial autarchy" was General Manuel Savio, who promoted the Escuela Superior Técnica del Ejército Argentino at the beginning of the 1930s. Shortly thereafter, he would write a tract in which, noting the penuries in the supply of war material caused by World War I and the Depression, he proposed guaranteeing "national defense" through developing local industry.¹⁶ In the second half of the 1930s, Savio was the driving force behind the establishment of several military factories and the creation of the Dirección General de Fabricaciones Militares, which was finally achieved in 1941. From this redoubt, the government undertook various projects to explore and to exploit the country's mineral resources and to establish base industries. These firms were at times directly set up by the state and at other times were public-private enterprises, both of which permitted the participation and consolidation of a national bourgeoisie.

The global situation was particularly encouraging for implementing ideas that circulated around the concept of "economic autarchy." World War II had occasioned a welter of restrictions for the armed forces' activities and laid bare the precarious situation for upholding the nation's defense. Significantly, Savio emphasized that the war had contributed to forging a "national consciousness" around a better provisioning of local primary materials and industrial activities. With exceptional clarity, he articulated the strategic "mistake" that preceding governments had made in giving priority to "grains over steel."¹⁷ At the beginning of the 1940s, ideas about greater autonomy and industrial development gained a permanent place in certain political circles, among intellectuals, as well as some business and military leaders, with the latter having become important political actors. Many of the mentioned groups found common ground in a political project sketched out by the military following the June 1943 coup d'état that brought the military to power. Antiliberal nationalist groups cohabited easily with the clerical and nationalist policies advocated by the new government. Individuals drawn from the Bunge circle who had advocated expanding the domestic market, industrialization, and greater state intervention were

16. Savio, *Mobilización Industrial*.

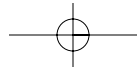
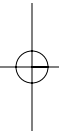
17. Savio, "Política de la producción metalúrgica argentina" (lecture presented to the Unión Industrial Argentina), reprinted in *Obras del General Manuel N. Savio*

leading members of the Consejo Nacional de Posguerra (established in 1944) and later influenced economic and social policies of Perón's government. Also intellectuals with ties to the FORJA group, in particular Jauretche and Scalabrini Ortiz, joined the ranks of the military government, considering it the expression of the "national will."

Economic nationalism reached its greatest influence in the postwar period when talk of a "national capitalism" became the common property of numerous political forces, with its advocates spanning the political spectrum, from the Radical Party to the Communists. But the idea was most closely associated with Peronism, including the Peronist labor movement, which abandoned labor's historic anticapitalist ideologies to embrace the cause of capitalism in national hands and responsive to national interests, which would become an integral part of the Peronist working class's identity. Peronist discourse stressed the incorporation of workers politically and socially and was able to appropriate the country's various strains of nationalism. Questions related to economic nationalism should be understood relative to the place that Peronism assigned the working class in industrial development. The inclusion of the workers was possible in the context of promoting industry, and industry, for its part, was promoted as the necessary condition for achieving economic independence. In contrast, Peronist rhetoric identified the "oligarchy" with the agro-export Argentina and identified economic dependence with foreign capital. Peronism was successful in appropriating the concept "economic nationalism" and would include it as a foundation in its political and ideological architecture, converting it henceforth into the very essence of its "doctrine."

What follows is a historical study of the role played by the Argentine bourgeoisie in the national capitalist political economy, especially in its relationship to the Peronist movement. The role of the country's capitalist classes remains in some ways the last great unknown chapter in the history of Peronism. Over the past two decades, there has been an explosion in research on Latin America's most important populist movement, new and innovative studies on the Peronist working class and labor movement, and attention to less traditional preoccupations. A new wave of scholarship on topics, ranging from Perón and his movement's relationship to the Catholic Church to attempts to reshape the family, education and penal reform, consumption, and political culture, has taken place. Peronism continues to be a complex, multifaceted movement, and all these studies have advanced our understanding of it. Yet Perón always claimed that his movement was about a national project for economic independence and social justice. For

Perón, nothing assumed more importance than capital-labor relations. They formed the very cornerstone of the “organized community” and his pursuit of social peace—the essence of Peronism. Yet Perón’s relationship with the Argentine bourgeoisie was controversial, complex, and sometimes contradictory from the origins of his movement. It would remain so throughout its history.



ONE

THE POLITICAL ECONOMY OF POPULIST ARGENTINA, 1943-1976

The Perón Years (1943-1955)

To better orient the reader to the story of the “national bourgeoisie,” some aspects of Argentina’s recent political economy need to be understood. During the first half of the twentieth century, Argentina’s economic development resembled that of the rest of Latin America in some ways and differed in a number of others. Like that of other countries in the region, its economy depended heavily on the export of primary commodities and foreign investment. Its meat and grain exports were among the most profitable in Latin America and the engine of Latin America’s most successful export economy until the terms of trade began to turn decisively against its traditional commodities in the early 1950s. Capital flows, as well as flows of immigrants, favored the country through the 1930s, though it was during the Depression that the first serious signs of future problems and sluggish growth appeared. The landowning class responded to the crisis by strengthening bilateral trade relations with the British, a policy notoriously incarnated in the 1933 Roca-Runciman Pact. Argentine governments of the 1930s, especially that of General Agustín P. Justo (1932-38), complemented bilateralism with an unprecedented move to state intervention in the economy. In 1931, Argentina established exchange controls. The state’s control of foreign exchange would become an increasingly important instrument of economic policy. Greater state involvement in the economy remained the hallmark of economic policy through the decade, with the establishment of the Banco Central

in 1935 to regulate the money supply and credit and various government agencies such as the National Grain Board and the National Meat Board to control the supply and to regulate the prices of agricultural commodities. The move toward greater state involvement in the economy was not uniquely Argentine, most governments in Latin America followed a similar path. What distinguished Argentina from the rest of the region was the greater resilience of its export sector and the ability of the state to allocate resources in what was a prosperous economy with high rates of capital accumulation, savings, and investment. The precocious development of industry in Argentina was only one of many indicators of the country's privileged position in the region.

Historians have traditionally regarded the military coup d'état of June 1943 as a turning point in modern Argentine history. The military government that would rule Argentina for the next two and a half years undoubtedly oversaw a number of important changes in economic policy and social relations. The changes would deepen during the subsequent presidency of the individual who had emerged as a leading figure in the military government, Colonel Juan Domingo Perón. The era of popular nationalism, trade union power, the rise of the "national bourgeoisie," and state-supported industrialization is traced to the war years and its immediate aftermath. Yet there is a growing consensus among historians that the rupture with the past was less dramatic than once thought, that the military junta and then the Peronist government intensified rather than caused these changes, and that Perón in general represented a figure of continuity with the Argentine past more than had been believed.¹ Certainly in terms of economic policy, Perón began his political career attempting to adapt established practices and policies to the new context of the postwar era and the political movement he was building. Argentina found itself in an unusually favorable position at the end of the war. Its wartime surpluses allowed it to play the role of international creditor, and it enjoyed favorable terms of trade for its traditional exports. Perón's government used wartime reserves to pay off overseas debt, to nationalize foreign-owned enterprises, and to subsidize industry and consumer spending. The establishment of a state agency, the Instituto Argentino para la Promoción del Intercambio (IAPI), to control foreign trade in the country's export commodities allowed the government to appropriate and to distribute a large share of foreign exchange, even in years of overall negative trade balances. The IAPI also controlled imports,

1. Donghi, "El lugar del peronismo en la tradición política argentina"; Girbal-Blacha, *Mitos, paradojas y realidades de la Argentina peronista (1946-1955)*.

allowing the government to oversee and regulate which goods would receive preference in the local market.

Peronist economic policy was driven by Perón's concerns to "harmonize" labor-capital relations and ensure social peace. His concept of the "organized community" and even his discourse of industrialization were influenced more by social concerns than by strictly economic ones. Even before his election, Perón and indeed others in the military government feared the disruptions that would result from the end of the war, especially the negative effects on Argentine industry due to renewed foreign competition, perhaps leading to rising unemployment and social unrest. Industrial growth during the war in both the traditional food-processing sectors and newer dynamic industries, such as textiles and metalworking, had been significant. In 1945, for the first time in Argentina's history, industry accounted for a greater share of the gross domestic product than agriculture.² Perón's establishment of the Consejo Nacional de Posguerra was intended to coordinate planning for a transition from the wartime bonanza to the postwar adjustments. His economic policies sought above all to maintain the balance of forces created by the war, with industry given access to state-subsidized credit and the working class awarded a steady increase in its share of national income, which also benefited industry because it led to an expanding consumer market. Wages and salaries accounted for 37 percent of national income in 1946 and rose to 50 percent by 1950, a major reason for the growth of industry in these years.³

To protect industry as a source of wealth and employment and to placate industrialists as a powerful new interest group, Perón continued and extended the policies begun in the 1930s: tariff protection, exchange controls, and import licenses favoring the importation of capital goods and inputs needed by industry. All these policies combined with the expanding consumer market benefited both established firms and new emerging ones. Nationalization of the banking system in 1946 meant that the central government, through the Banco Central, now wielded an enormous influence over the country's economy. The money supply was not tied to the country's reserves and the gold standard but to the government's discretion. After experiencing a 20 percent growth between 1940 and 1945, bank loans increased fivefold between 1945 and 1948, with industry the major beneficiary.⁴ Cheap credit

2. Villanueva, "El origen de la industrialización argentina"; Gerchunoff and Antúnez, "De la bonanza peronista a la crisis de desarrollo," 129.

3. Gerchunoff and Antúnez, "De la bonanza peronista a la crisis de desarrollo," 145.

4. *Ibid.*, 148.

allowed business to compensate for rising wages. The combination of state protection, increased demand, and abundant credit permitted long-established firms such as SIAM—Di Tella, then Latin America's largest metalworking company, to grow and to diversify and numerous new firms and industrialists to emerge. Among the latter were the founders of some of the future conglomerates that would later dominate the Argentine economy, such as Pérez Companc and Techint, founded by Agostino Rocca in 1946, and the construction firms of Franco and Antonio Macri, who established their fortune by participating in the public housing projects financed by the Plan Eva Perón de Viviendas in 1948.

One of the regime's stated intentions was indeed to create a "national bourgeoisie" capable of leading the country's industrialization program. Nonetheless, Perón was well aware of the limitations of local capitalists in overseeing an economic transformation of the country and therefore increased the state's role as an economic actor. Initially, Perón sought to establish mixed enterprises, reserving a space for the private sector. Nonetheless, faced with the slight predisposition of business to assume such risks, he expanded state intervention. The nationalization of the railroads and public services alone meant greater state involvement in the country's economic life. The state also became an industrial entrepreneur, expanding military-run armaments factories and assuming control of a cluster of former German-owned firms expropriated during the war and administering them collectively through the Dirección Nacional de Industrias del Estado. Greater regulatory powers and especially its control of credit also enormously enhanced the public sector's role in the economy. The increased presence of the state in the economy also introduced a new economic actor, the bureaucracies that administered the new public companies. Labor, business, and the various government bureaucracies now wielded the decisive influence on economic policy and pressured the executive in corporatist fashion rather than through the political parties in a political system that was moving inexorably toward "Peronization" and one-party rule.

By the time of Perón's second administration, trade deficits (the balance of trade would be positive on only four occasions between 1949 and 1962) and rising inflation determined a change in economic policy. This was seen in everything from the terms of Perón's Second Five-Year Plan, with its greater emphasis on agriculture, to the 1955 Productivity Congress, with its recommendations for weakening trade union power on the shop floor, discouraging absenteeism, and introducing modern managerial practices in Argentine industry. It was also seen in Perón's abandonment of a discursive economic nationalism and his courting of foreign investment,

most notably in the oil and automobile industries. The astounding annual growth rates of 8 percent of the first years of Perón's government were followed by stagnation and even negative growth. Declining prices for Argentina's agricultural exports had baleful effects on the entire economic scaffolding Perón had constructed during the first years of his government. Among the deleterious consequences was the increasing inability to import the capital goods necessary for the country to diversify its industrial base by shifting from consumer goods/light industry to heavy industry. Industry ceased to be favored during Perón's second administration. A greater share of credit went to the agricultural sector, and the projects of the Second Five-Year Plan gave priority to technical improvements in the countryside rather than the modernization of technology and productive processes in Argentina's factories. Indeed, the 1955 Productivity Congress was called belatedly in 1955 because of the failure of the Second Five-Year Plan to address the problem of Argentine industry.⁵

Economic restructuring was nonetheless difficult for a government that had made social peace its highest priority and depended on the working class for political support. Perón's government refused to follow policies that would depress domestic consumption for the sake of capital accumulation. The campaign for increased productivity and even the greater receptiveness to foreign investment were tepid measures adopted to avoid the hard choices between a high-inflation populist economy and more "liberal" measures that might increase efficiency but also redistribute income away from the working class and the industrial and commercial sectors that depended on the domestic market. Perón seemed to be setting a different economic course when he replaced the industrialist and economic czar Miguel Miranda with the orthodox economist Alfredo Gómez Morales in 1949, but the margin for tinkering with the economic policies that the Perónist state had been following was small. This basic dilemma combined with a severe drought and a series of disastrous harvests in the early 1950s launched Argentina into a serious economic crisis in the final years of Perón's first administration. These years also witnessed the appearance of what would become one of the hallmarks of the Argentine economy until the 1990s: structural inflation. Argentina went from being a country with historically very conservative fiscal policies to one in which monetary emission covered government deficits. Perón's wage and credit policies naturally exacerbated the inflationary tendencies. Nonetheless, though inflation was a problem, the government demonstrated more fiscal restraint in the second administration and inflation was largely under control by 1954. The

5. Bitrán, *El congreso de la productividad*, 19–53.

government reduced spending on social programs and military expenditures and cut infrastructure by some 35 percent between 1948 and 1955. Trade balances were positive for both 1953 and 1954. In general, Perón was far more effective in adapting economic policy to new circumstances than has been recognized. In 1955, his last year of government, the economy was growing at a 7 percent annual rate, and, though serious problems in the economy remained, most prognoses were guardedly optimistic.

Peronist economic policies were not as aberrant as many have contended. The decision to use wartime reserves on the nationalization of the railroads and other foreign-owned businesses and repatriation of the external debt had much to do with the freezing of Argentina's reserves as inconvertible sterling deposits in British banks. Economic "autarky" was also at least partly the result of U.S. agricultural policies that undermined Argentina's traditional agricultural exports, especially the continuing restrictions on Argentine farm products in the U.S. market and the decision to forbid recipients of foreign aid under the Marshall Plan to purchase Argentine goods.⁶ Industrialization and autarky thus responded in part to constraints imposed by the international economy and U.S. policy. This is not to say that mistakes were not made in the Peronist years. The greatest failure was not devising a coherent industrialization strategy beyond the largely ineffectual two Five-Year plans. Credit was dispensed by the Banco Industrial without any consistent economic criteria in terms of long-range planning, squandering precious resources, and depriving the state of a powerful instrument with which to plan the economy at a time when real possibilities for industrialization existed in the country.⁷

Nonetheless, it is highly doubtful that either the failure to use Argentina's accumulated reserves of foreign exchange during the first several years of economic bonanza or the Peronist government's spendthrift ways explain the failure of the country to develop heavy industry. The capital goods required to build such industries were scarce in the early postwar years, and the one country that could supply them, the United States, sought to minimize their export to Argentina.⁸ Nor was entrepreneurial spirit or technological innovation lacking among industrialists, as was demonstrated by the key industry in these years, metalworking.⁹ Argentine industry adapted

6. Gerchunoff and Llach, *El siglo de ilusión y desencanto*, 174–75.

7. Girbal-Blacha, "Reforma financiera y crédito a la producción"; Girbal-Blacha, "Dichos y hechos del gobierno peronista (1946–1955)"; Rougier, *La política crediticia del Banco Industrial durante el primer peronismo*.

8. Fodor, "Perón's Policies for Agricultural Exports, 1946–1948," 159–60.

to the conditions and opportunities offered by a political economy that was the result of a long and complex history and a constellation of social forces. If it is fair to say that some of the policies adopted were ultimately a hindrance to sustained industrial growth, it must also be acknowledged that others were the result of reasonable decisions adopted in response to prevailing conditions, not simply of government myopia or opportunism by the business sector, much less perfidy on Perón's part.

Interest Groups: Business, Labor, and the State

Though Perón did not destroy the Argentine economy as many of his detractors have claimed, he set the stage for a society that was highly polarized and found itself unable to develop a coherent economic strategy to cope with changes in the world economy and Argentina's place in it over the course of the next two decades. The Peronist governments of the 1940s and 1950s had profoundly shaped the contours of the Argentine political economy in manifold ways. Perhaps nowhere was their influence more important than in the establishment of corporative interests that would struggle for their share of national income and influence over national economic policy until the 1976 military coup and subsequent government of the "Proceso" eviscerated them and created the rudiments of a new economy based on the financial sector and powerful holding companies (*grupos económicos* in the Argentine political vernacular). Among the propertied classes, the 1976–83 military government consolidated the economic power of groups that spurned the old business organizations that had continuously pressured and more than once destabilized national governments. Nonetheless, during the Peronist governments of the 1940s and 1950s and particularly in the two decades following Perón's fall from power in 1955, Argentina's political economy revolved around the struggle between diverse business interests, with the country's powerful trade union movement also exercising a decisive and, in the Latin American context, exceptional influence.

The business groups were complex in their composition and behavior, and their interests shifted over time, making here only generalizations possible. On the one hand, there were the old export sectors tied to pampean agriculture, increasingly grains because income redistribution had led to a rise in the domestic consumption of meat and dwindling surpluses for export. The *Sociedad Rural Argentina* (Argentine Rural Society, or SRA) served as

9. Katz, "Cambio tecnológico en la industria metalmeccánica latinoamericana."

the representative of the estancieros and indirectly for the exporting firms and diverse other economic interests tied to so-called economic liberalism. Those advocating greater state intervention in the economy were the industrialists, fragmented and lacking an institutional spokesperson for most of the Peronist period. Industrialists' traditional peak association, the Unión Industrial Argentina (Argentine Industrial Union, or UIA), had been interdicted by Perón in 1946, and an effective replacement never emerged. During the Peronist governments, industry lobbied the state largely through industrial associations representing specific sectors, of which the metal-working industry was the most important, as well as through individuals who enjoyed personal influence with Perón. After Perón's fall from power, the UIA gradually came to serve again as a kind of spokesperson for industry. Finally, there were the diverse regional economies represented by the Confederación General Económica (General Economic Confederation, or CGE). Perón had sought to promote the CGE as an umbrella organization for all the country's business interests, but it often only poorly performed that function. It remained throughout its history a rather peculiar organization led by a coterie of one-time *bolicheros* (small businessmen) who had used their influence as representatives of the CGE and personal contacts with Perón to build large economic empires. The emblematic figure among them was José Ber Gelbard, originally a merchant from Catamarca province who would be the longtime president of the CGE and for a time minister of the economy during the restored Peronist government of the early 1970s. Gelbard and other members of the CGE leadership presided over an organization that represented, often at cross-purposes, Gelbard and his circle, certain regional economies, and small businessmen throughout the country, though one encompassing an estimated 1 million members, giving it by far the largest membership of any of the country's business peak organizations.¹⁰

A well-organized trade union movement competed and sometimes allied itself with an equally well-organized, if fragmented and fractious, business sector during the period from 1955 to 1976. Argentina's political economy followed a pattern in these years: governments that favored the domestic market, industry, and certain regional economies alternated with "liberal" governments that favored capital accumulation through peso devaluation, increased exports, and income redistribution to agriculture and related sectors of the economy. Much of the volatility of Argentine politics in these years boiled down to a struggle between corporative groups with conflicting economic interests, with the military intervening repeatedly

10. Brennan, "Industrialists and *Bolicheros*"; Brennan, "Perón y el empresariado."

to break stalemates and restore equilibrium. Such volatility also was reinforced by economic cycles that imposed severe restrictions in the balance of payments. Diverse economic interests advanced their agendas either directly through presidents, government ministries, and state agencies or by cultivating support within the armed forces. The military was not a monolithic institution but was rent with factions, divided among nationalist and so-called liberal groups that reflected the divisions of the broader political economy. The party system, which had grown precociously in the first decades of the century and atrophied since the 1930s, proved utterly incapable of channeling these diverse interests in a political system that lacked credibility and was subjected to repeated military coups. Business groups, the trade union movement, and the armed forces were thus the key players in advancing economic programs and implementing policy during these twenty years.

The fall of the Peronist regime in 1955 marked Argentina's reentry into the global capitalist economy. Though Perón was already headed in this direction, the social base of his movement would have made the process much slower had he remained in power. Under General Pedro Aramburu's government (1955–58), Argentina rather quickly negotiated entry into the International Monetary Fund and the World Bank and became a recipient of loans.¹¹ Under the government of Arturo Frondizi (1958–62), after a brief flirtation with a return to populist economics, Argentina accepted in principle the prescriptions of the international lending agencies and the U.S. government but did little to implement them, continuing to resort routinely to the Banco Central to cover fiscal deficits and failing to adopt a "rationalization" of the public sector, especially in the provinces.¹² The contradictions of the Frondizi government set the stage for the subsequent polarization of the Argentine political economy. Though Argentina's foreign debt remained small through the early 1970s and the international financial community was not yet the disciplinarian of the economy it would later become, there was great concern on the part of agro-export interests with following the policies demanded by the international lending agencies: fiscal restraint, minimal restrictions on profit remittances by foreign companies (mainly multinationals operating in Argentina), a deregulated banking system, and other similarly "liberal" policies. The national-capitalist model advocated, conversely, an expanding domestic market and monetary supply, protection for national industry, government regulation of private enterprise, and greater restrictions on foreign business. Though Perón's change

11. García Heras, "La Argentina y los organismos financieros internacionales (1955–1963)," 523–56.

12. *Ibid.*, 536–37.

of course in economic policy in the final years of his government appeared in many ways to have renounced the project of a national capitalism, once out of power and proscribed the Peronist movement again took up the banner of economic nationalism. The CGE did not formally align itself with the Peronist movement, but it increasingly found points of agreement, and the CGE and the Peronist Confederación General del Trabajo (General Labor Confederation, or CGT), on a number of occasions issued joint documents and common economic programs.

The country's business groups remained greatly divided through the 1960s. In 1958, the agro-export interests embraced a radically liberal program and established the Asociación Coordinadora de Instituciones Empresarias Libres (ACIEL). In 1967, with the support of Juan Carlos Onganía's minister of the economy, Adalberto Kreiger Vasena, the country's largest industries, including multinationals, withdrew from active participation in the UIA and formed the Consejo Empresario Argentino. In the meantime, the UIA, with its stronghold in the nationally owned firms of greater Buenos Aires, began gradually to abandon liberal positions and move toward ones more akin to the economic nationalism espoused by the CGE. The large firms represented by the UIA also benefited from the deepening of the domestic market, virtually the only one they sold to, and were suspicious of the competition from the foreign companies that had invested massively during the Frondizi government. Given their history of enmity and mutual suspicion, the two organizations remained separate and their relations frosty until the early 1970s. Nonetheless, along with the CGE, the UIA began to criticize—with increasing vehemence—the “denationalization” of Argentine industry, especially during the Onganía dictatorship. By the early 1970s, its public proclamations and publications revealed positions at odds with the prevailing economic philosophy and economic program, demanding greater state intervention to regulate foreign investment more closely or to foment the latter under conditions that required foreign companies to reinvest in the national economy. In 1972, the UIA joined the CGE in opposing a treaty signed by the Lanusse government, establishing free trade between Argentina and Paraguay, a treaty supported by the ACIEL afraid that it would open up the country to contraband.

The diverse business organizations and their disputes were simply the most visible manifestation of struggles for economic advantage and sometimes for mere survival that went on among sectors of the Argentine bourgeoisie at the national, the provincial, and even the local level. These struggles were not unique to Argentina but do seem to have been particularly intense there. Argentina's history—the successful integration into the global economy

that took place in the final decades of the nineteenth century and early decades of the twentieth century and then the nationalist capitalist model adopted during the Peronist years—had produced diverse interests. Its precocious industrialization and the success of the agro-export model thus arguably made these differences deeper and more consequential than elsewhere in the region. What certainly does appear *sui generis* was not the degree to which various economic sectors were organized but the degree to which they were free of state control and capable of advancing their interests collectively through institutional means, both with the political leadership (civilian or military) and with the state bureaucracies, setting the stage for the polarization and stalemate that would characterize Argentina from 1955 to 1976.

Credit Policies

How did the Argentine economy work during these years and whom did it benefit? There are many ways to analyze any economy's workings, but among the most useful, in terms of judging its essential character and effectiveness, is credit. Among business's concerns, perhaps none is more crucial than access to capital, and few are as illuminating for understanding political economy as the way in which firms acquire and use capital. The Argentina banking system was revamped in early 1946. The Banco Central was nationalized by the military regime shortly before Perón assumed power. Deposits were also nationalized. This meant that private banks lost their autonomy and became mandatories of the bank. In due course, monetary policies also changed, and old gold-standard principles regarding monetary emission were abandoned as well. The financial system was reformed again in October 1957, when the Aramburu government undertook a banking reform whereby the Banco Central recovered most of its old autonomy. Instead of returning to the mixed bank it had been in the 1930s, however, it remained a public institution, though deposits were restored to both state and private banks. New policies in private banks and the recent privatization/liquidation of a number of important public banks such as the Banco Industrial (renamed the Banco Nacional de Desarrollo or BANADE in the early 1970s) have made it possible for researchers, for the most part economic historians, to gain access to these banks' archives for the first time. This new research has provided an understanding of the inner workings of the economy with a degree of precision that is unprecedented in historical scholarship. Collectively, this new research has led to a deeper understanding of the Argentine political economy during the years 1943–76.

Among the myths that have been debunked by this new research is that Perón was hostile to the country's established economic powers, especially big industry. The country's largest industrial firms received the lion's share of public credit in these years, partly because loans were granted on the basis of fixed collateral and partly because of political considerations—the influence that these companies were able to exert on the government and state bureaucracies and Perón's overriding concern to avoid labor disputes and social unrest. Since these firms were the biggest employers with the largest labor forces, they merited special treatment from the government. Small industry also benefited from public credit, but the greatest beneficiaries were the established, large firms, including those that were publicly owned. This system represented a massive state subsidy for large firms, private and public, since amortization was granted in long-term installments that, combined with a highly inflationary economy, meant that the firms often paid negative interest rates.¹³ The Perón governments of the 1940s and 1950s introduced important changes regarding the role of the state in distributing credit. The nationalization of the banking system and the creation of new public lending institutions such as the Banco Industrial heightened the degree of interpenetration of business and government. This banking system lacked effective oversight and was subject to arbitrary decisions and constantly revised norms and regulations as well as high turnover in its board of directors (the Banco Industrial, for example, had six presidents and thirty-seven different general managers between 1944 and 1955). Effective economic planning never characterized its activities, which were essentially “political” in nature. With the fall of Perón's government in 1955, the government of the *Revolución Libertadora* sought to make reforms in the banking system, ending the state monopoly and establishing tighter regulatory guidelines for public banks, such as the Banco Industrial, though with mixed results.

One thing that did not change with the fall of Perón was the degree of state involvement in the economy, which increased throughout the years from 1955 to 1976. Business-state relations were characterized by a growing dependence of the former on the latter, with the state not only assigning resources but also gradually increasing its direct presence in and sometimes assuming outright control of private firms as a shareholder. Through three public agencies (the Instituto Mixto de Inversiones Mobiliarias, the Banco Nacional de Desarrollo, and the Caja Nacional de Ahorro y Seguro), the

13. Gerchunoff and Llach, *El siglo de ilusión y desencanto*, 186; Rougier, “Acerca de la relación estado-empresarios en la Argentina (1950–1980),” 164–66.

state assumed the debts and obligations of an increasing number of private firms, augmenting its already formidable presence in the economy beyond the many public-sector companies. The kind of state capitalism that emerged over the course of three decades in Argentina had actually begun in the mid-1940s, with the Banco Industrial and the Instituto Mixto de Inversiones Mobiliarias both buying stocks of private firms on a small scale but increasingly after 1955.

There were many reasons for this growing state involvement in the economy, but the predominant one in the 1960s and early 1970s appears to have been the weak financial position of industrial firms and the impending bankruptcy of a number of them, with fears of large layoffs and their social consequences. Perhaps the most revealing case was the industrial giant SIAM–Di Tella, Argentina's flagship industrial firm, which experienced increasing financial difficulties after Perón's fall from power. In 1960, the Di Tella family still controlled 50 percent of the common stock, but a little more than a decade later, the state held more than 60 percent. Within a few years, the company was under state control. Perón, in one of his last acts, signed the 1974 decree establishing it as a publicly owned company. Impending bankruptcy was not the only reason for the state absorption of private firms. Interest in protecting firms regarded as essential to the national interest and economic development also influenced this tendency. By the time of the 1976 military coup, the state was the dominant economic actor in the country, building on Perón's legacy as a regulator and administrator of public firms to become in the years 1955–76 a major shareholder in private companies, especially industrial ones. By 1976, the state was a shareholder in most of the country's top one hundred privately owned industrial firms and increasingly tended not simply to rescue beleaguered companies from bankruptcy but to take an active role in their administration as a member of their boards of directors.¹⁴

Crisis and Collapse of National Capitalism

The politics of national capitalism reached a chaotic and ultimately tragic culmination during the Peronist restoration (1973–76). This complex social and political conjuncture has been studied extensively. Much less is known about economic policy in these years, though an attempt has been made to offer some understanding of the background and trajectory of

14. Rougier, "Acerca de la relación estado-empresarios en la Argentina (1950–1980)," 266–67.

15. Brennan, "Industrialists and *Bolicheros*," 99–110.

Gelbard's ministry and the cornerstone of his economic program, the Pacto Social.¹⁵ The experience of Perón's last government illuminates the entire trajectory of the Argentine political economy over the course of three decades, the era of so-called national capitalism. The return of the Peronists to power after almost two decades of proscription was not due directly to economic problems, which were relatively minor compared with the critical political circumstances and the rising wave of social protest that had begun with the 1969 Cordobazo. The restoration of Peronist rule, it was hoped, would calm the waters and provide an escape valve and national reconciliation to put a halt to escalating social tensions and political violence.

Though economic problems were not the reason for the restoration of Peronist rule, the latter provided an opportunity to take the national-capitalist model to its culminating moment. The Peronist restoration came after the capitalist restructuring program undertaken by the government of General Juan Carlos Onganía (1966–70), which heightened tensions between the country's business groups. Heavily influenced by the economic program of the military government in neighboring Brazil, Onganía's economic program followed neither a "liberal" nor national-capitalist model but stressed modernization and full integration into transnational capitalism. Agrarian sectors were not favored by these policies, but neither were the nationally owned industries or the regional economies that were linked in the national-capitalist model. Rather, the power of certain public companies and the state bureaucracies representing them was enhanced in alliance with the multinationals. The latter were granted a welter of favorable measures on taxation and profit remittances, and macroeconomic policies favored income concentration and their domestic market possibilities, for example, in the case of the automobile industry. Onganía's policies, though arguably successful in terms of its modernization objectives, failed because of their weakness outside the state sector, depriving his government of support among the country's capitalist classes. It is not by chance that former enemies such as the SRA, the UIA, and the CGE were able to find common ground in their criticisms of Onganía's economic program. The subsequent governments of General Roberto Levingston and General Alejandro Lanusse looked for more support among fractions of the country's capitalist classes, but they did so in an inconsistent and ultimately ineffectual way, postponing a decision about economic policy for the incoming Peronist government.

The Peronists return to power also represented a return to the economic nationalism of Perón's first administration. In exile, Perón had been forced to move away from the center and the moderate positions on economic

policy toward which he had clearly been headed in his second administration and embrace a more populist agenda, one that this time had a faintly Marxist tinge to it. He adapted his discourse, economic and otherwise, to the leftward direction manifest in Argentina's political culture in the 1960s and 1970s, especially after the Cordobazo. His talk of "socialism" and "Third World liberation" may have responded to no more than strategic calculations in his bid to return to power, but it unquestionably gave more momentum to an economic program that would favor the so-called national bourgeoisie over agro-export interests or the technocratic-multinational alliance favored by Onganía. Whether or not he was sincere, given the political temper of the early 1970s, Perón had little choice but to accept the national bourgeoisie's economic program as his own and to choose the CGE president Gelbard as the new minister of the economy.

Who benefited from the economic programs during the decades leading up to the neoliberal reforms? On one level, the answer is rather banal: different groups at different moments since economic policy changed in these years and was not all of one piece. Indeed, disputes over economic policy and the distribution of resources were at the heart of the country's notorious instability in these years. Winners and losers depended on precisely which government was in power. Nonetheless, there is a certain consistency to economic policies during this period and a number of them were the common property of all governments in these years, whether Peronist, Radical, or military. The state capitalism, with antecedents in the governments of the 1930s and then deepened under the Peronist ones of the 1940s and 1950s, was continued, to some degree, by all the governments in this period. Even one as outspokenly liberal as Aramburu's, retained institutions and perpetuated practices in finance, the industrial relations system, and growth of the public sector it so vilified in the Peronist governments. Economic disputes were more about the distribution of the spoils of the system than they were about the system itself. Some governments, Onganía's in particular, had attempted to make significant modifications in the system, but none sought to scuttle it altogether.

The "national capitalist" model became the *bête noire* of the neoliberals in the years following the 1976 military coup and indeed had many baleful effects on the economy. However, it would be wrong to regard these policies as complete failures. Though highly inflationary, unemployment remained low and, contrary to what has been said by its detractors, entrepreneurial initiative, technological development, and even a kind of "development" took place. For example, recent studies on the Argentine economy have

demonstrated that the presumed technological backwardness of Argentine industry was not nearly as great as critics have maintained, and even economies of scale were achieved in some industries.¹⁶ The failures of this model seem more to do with the ineffectiveness of state intervention and to political manipulation of public agencies such as the banking system than to intervention. Economic planning did not fail in Argentina because a genuine economic planning was never attempted. Rather, successive governments devised policies in accordance with the sectoral interests they represented, expressed as broad ideological precepts that served in reality to justify rather than compel the behavior of interest groups and corporative organizations. Unable to establish their hegemony, the various fractions of the Argentine bourgeoisie would have to await the military government of the "Proceso" to break the stalemate when, through a combination of state terrorism, foreign debt, and a disarticulation of the state, the basic rules of the game and even the leading actors of Argentina's political economy would be profoundly altered.

TWO

INDUSTRIALISTS AND *BOLICHEROS* IN THE ORIGINS OF PERONISM

In Argentina, the question of a capitalist class with a national project erupted publicly and dramatically with the rise to power of Juan Domingo Perón. Perón envisioned a government in which business, the labor unions, and the military would collaborate on behalf of national development, social peace, and political sovereignty. In the once-heated intellectual debates surrounding the origins of Peronism, opinions differed greatly on whether Perón was pursuing a chimera or had astutely assembled an alliance that held the promise of realizing his vision. The relationship between Perón and the country's capitalist classes remains a controversial issue. Especially the role played by industrialists in the rise of Peronism and their subsequent support for the Peronist regime have undergone several interpretations.

In the 1960s, Torcuato Di Tella, the sociologist son of the industrialist with the same name, first argued that an "anti-status quo elite" comprising essentially new industrialists had been instrumental in backing the 1943 coup that brought the army and a young officer named Juan Perón to power. Di Tella's interpretation was highly influenced by the recounting of events as they unfolded given by his father, one of the country's leading industrialists who was fully immersed in the Unión Industrial Argentina's internal turmoil and in the politics surrounding Perón's rise to power. This influential interpretation was echoed by Miguel Murmis and Juan Carlos Portantiero in their seminal study, *Estudios sobre los orígenes del peronismo*. Murmis and Portantiero argued that the origins of Peronism were to be

found in a polyclass alliance that included new industrialists who had emerged because of import-substitution industrialization in the 1930s and early 1940s. Another scholar, Dardo Cúneo, the author of what remains the most important study of business in national politics, had presented a few years after Di Tella's analysis a quite different interpretation. Cúneo stressed the opposition from the UIA, then the country's principal industrialists' association. He noted the UIA's displeasure with the military government's labor policies, culminating in the disastrous attempt by the industrialists' peak association to help finance Perón's opponents in the upcoming presidential elections and the unsuccessful three-day employer lockout in January 1946.¹ The weakness of the industrialists' support in the formative period of the Peronist coalition was given credence by the U.S. embassy intelligence reports in Buenos Aires during the months of Perón's rise to power and confirmed in subsequent scholarly studies.²

Perón's labor reforms and his vitriolic political language had certainly elicited a deep suspicion from industrialists and the country's capitalist classes in general of the ambitious colonel. Aware of the unease within the ranks of business, Perón sought to allay their fears and persuade employers of the benefits they would derive from his policies. In a famous August 25, 1944, speech to the business community at the Bolsa de Comercio, Perón emphasized the success of his reforms in expunging communist influence within the labor movement and preached to business the advantages of class harmony and cooperation with labor. To serve as an effective interlocutor with the unions, he urged that the employers establish a national confederation of their own, one that would serve as business's equivalent to the powerful Confederación General del Trabajo. Rather than an enemy of the country's capitalist classes, Perón presented himself as their savior and protector, promising the social peace necessary for the sanctity of private property and future prosperity.³

1. Di Tella, "Populism and Reform in Latin America"; Murmis and Portantiero, *Estudios sobre los orígenes del Peronismo*; Cúneo, *Comportamiento y crisis de la clase empresaria*.

2. See especially Kenworthy, "Did the 'New Industrialists' Play a Significant Role in the Formation of Perón's Coalition, 1943–1946," 21–22; and Horowitz, "Industrialists and the Rise of Perón, 1943–1946," 210. Jáuregui, "Los industriales ante el surgimiento del peronismo," 203–27, offers the most persuasive and nuanced analysis of the role of industrialists in the origins of Peronism, stressing the weakness of industrialists' support though noting the divisions within the industrialists' ranks and contradictions in the UIA's attitude toward Perón. On the U.S. Embassy's reading on the opposition of the industrialists to Perón, see especially, U.S. Department of State, Papers Related to the Internal Affairs of Argentina, U.S. Embassy Buenos Aires, "Tendency Towards State-Directed Economy in Argentina," 835.50/5-2645, May 24, 1945; and "Manifesto of Industrial and Commercial Associations to the Argentine Government," 835.50/6-2045, June 20, 1945.

3. Jáuregui, "Los industriales ante el surgimiento del peronismo," 209.

Perón's efforts were conciliatory to business in other ways. In August 1944, President Edelmiro Farrell had appointed him chair of the newly created National Council on Postwar Planning. Established to prepare the country for the economic dislocations many businessmen expected at the end of the war, the council included representatives from business as well as those from the government, the military, and the trade unions. Leading industrialists, such as Torcuato Di Tella, played an active role in the council. Though unhappy with Perón's plans for greater state involvement in the economy for promoting "social justice," many from within business's ranks, at least in principle, recognized the utility of a government body coordinating adjustments to the postwar economy.⁴ The UIA was invited by the new military government and joined, as did other business organizations, numerous government bodies, continuing a long-established tradition of the industrialists' association in encouraging cooperation with the government and public authorities.⁵ The military government undertook other important probusiness initiatives welcomed by industrialists, such as the 1944 creation of the Banco de Crédito Industrial (BI). UIA members were heavily represented on the BI's first board of directors.

Industrialization figured prominently in the discourse of Peronist economic nationalism. Perón's pledge to oversee a transition from an agrarian to an industrial society served as a cornerstone of Peronism's promise of national greatness for the new Argentina and an integral part of the Peronist regime's legitimacy. Under Perón, the causes of "economic independence" and "social justice" seemed at times to become all but synonymous with greater levels of industrial production. Industry represented the path of a national destiny while a pastoral Argentina was depicted as the embodiment of the decrepit and expiring oligarchic order, with its gross social inequalities and its humiliating subordination to foreign interests. The July 9, 1947, declaration of *Independencia Económica* in Tucumán later inscribed in the Justicialist Constitution a new course for the national economy, a decisive movement toward autarchy, with industry assigned the role as liberator for the new Argentina.

Despite such overtures, few within industrialists' or business's ranks in general were persuaded by Perón's reassuring words. His promises notwithstanding, Perón's frequent public diatribes against the business community and his concessions to his working-class followers belied his protestations

4. Lucchini, *Apoyo empresarial en los orígenes del peronismo*, 60–68; Berrotarán and Villarruel, "Un diagnóstico de la crisis."

5. Jáuregui, "Los industriales ante el surgimiento del peronismo," 208.

of support for the employers. In late 1944, Perón had also publicly questioned the UIA's internal procedures and its ability to represent industrialists' interests, causing UIA president Luis Colombo to ask for a vote of confidence among all the UIA's affiliates to counter Perón's accusations.⁶ Rent controls, antieviction decrees for sharecroppers, and favorable collective bargaining agreements for industrial workers were measures that galvanized the opposition of the Bolsa de Comercio, the Sociedad Rural Argentina (SRA), and the UIA. In May 1945, some one hundred representatives from the business community met with President Farrell to express their concern over Perón's activities, especially profit sharing, mandatory pension plans, and above all the minimum wage.⁷ The following month, business organizations from throughout the country signed a manifesto protesting salary increases, pension laws, and paid vacations.⁸

During the tense months leading up to the February 1946 elections, the UIA alternated praise for specific government measures beneficial to industrialists' interests with sometimes veiled criticisms of others deemed harmful. UIA president Luis Colombo and José María Bustillo, president of the SRA, found common cause in their opposition to Perón, and both suffered temporary arrests in 1945 at Perón's orders for participating in the September 1945 March in Behalf of the Constitution and Liberty. The entire business community closed ranks in late 1945 after Perón had convinced President Farrell to issue a decree raising wages and establishing the *aguinaldo*, a yearly bonus that employers regarded as an act of political demagoguery amid the presidential campaign in which Perón was a candidate. On December 27, 1945, members of the UIA, the SRA, and other employers groups met in the Buenos Aires stock exchange and voted to undertake a three-day lockout to protest the decree and, implicitly, to oppose Perón's candidacy. The lockout was successful, but their opposition was not, and Perón and his followers won a resounding electoral victory on February 24, 1946. Amid the popular

6. *Ibid.*, 210.

7. U.S. Department of State, Papers on the Internal and Foreign Affairs of Argentina, 1945–1959, "Memorandum Presented by Representatives of Argentine Business to General Farrell," 835.50/5-545, May 5, 1945.

8. Interestingly, however, neither the UIA nor the Sociedad Rural signed this particular manifesto, perhaps unwilling to associate themselves with the commercial interests that were the driving force behind it. Moreover, the UIA remained sympathetic to many government initiatives in industrial policy and wished to keep lines of communication open. Though a few individual trade associations signed it (among them the Cámara de Frigoríficos and the Asociación Textil Argentina), other interests, such as the metalworking industry, were notably absent. See U.S. Department of State, "Manifiesto of Industrial and Commercial Associations to the Argentine Government," 835.50/6-2045, June 20, 1945, which gives the full list of the signers, revealing the overwhelming number of petitioners from commerce.

euphoria surrounding Perón's election, gloom characterized the mood of the country's business community. Perón came to power with the major employers organizations aligned squarely against him.

But what of the history of business during the subsequent decade of Peronist rule? Here it seems necessary to distinguish between the role of business in the rise of Perón and their relationship with the Peronist state during almost a decade in power.⁹ It is quite clear that while Perón was in power industrialists did not unilaterally oppose the regime, that there were important divisions within industrialists' ranks, and that a working relationship if not an outright alliance with some industrialists and even certain industrial sectors existed.¹⁰ Industrialists as a class naturally did not oppose a regime that did much to promote their interests. Though industrialists' gross profit margins declined between 1946 and 1948 as a result of the government's labor and wage policies, the rate of capital return greatly increased. Credits to the private sector, for example, rose 30 percent in 1947 and 15 percent in 1948, mostly in manufacturing. This essentially subsidized the wage

9. Horowitz and Kenworthy do make this distinction. However, they and others who question the importance of industrialists in the original Peronist coalition all put too much weight, in our estimation, on the 1945–46 juncture, a very special moment politically. Moreover, there were unquestionably industrialists who had serious doubts whether the Unión Democrática ticket, Perón's opposition, would be as accommodating to industrial interests as the 1943–46 military governments had been, and as they expected Perón to be. As Kenworthy himself notes, industrialists such as Miguel Miranda, president of the Banco Industrial since late 1945, and textile industrialist Rolando Lagomarsino cannot be said to have been in opposition to Perón. What he does not recognize is that they were not alone. For example, Aquiles Merlini, a metalworking industrialist and president of the important firm Merlini e Hijos, was among Perón's supporters. This is not to say that industrialists as a class were rallying behind Perón in 1945–46. They clearly were not. Rather, industrialists were divided on how to best protect their interests. Some supported Perón, more preferred to remain neutral, and most sided with the anti-Peronist forces. That does not close the issue, however, and the special political circumstances in the country makes the UDA's opposition to Perón of doubtful use in trying to understand industrialists' participation in Perón's government or in understanding class alliances in populism in general. In terms of the original Peronist coalition, both sides are partly right. Di Tella and Murmis-Portantiero and more recently Lucchini were right to note the significance of the presence of industrialists such as Miranada and Lagomarsino. Di Tella did put too much emphasis on the idea of rupture and the role of a new industrial bourgeoisie (his "anti-status quo elite") in the origins of Peronism, although there is something to the idea, especially as regards the metalworking industries, during the Peronist governments themselves. However, as a simple statement of fact about the relative weakness of industrialists' support for Perón during 1945–46, we agree with the criticism by Cúneo, Kenworthy, Horowitz, and others of the "anti-status quo elite" thesis.

10. In addition to Di Tella, Murmis-Portantiero, Cúneo, Kenworthy, Horowitz, Jaurégui Lucchini, other studies that examine facets of the relationship between business groups and Peronism are Brennan, "Industriales y Bolicheros"; Brennan "Perón y el empresariado"; Castel, *Empresariado nacional y cambios sociales*; Freels, *El sector industrial en la política nacional*; Niosi, *Los empresarios y el Estado argentino (1955–1969)*; O'Donnell, *Notas sobre el estudio de la burguesía local*; Teichman, "Interest Conflict and Entrepreneurial Support for Perón"; Mainwaring, "The State and the Industrial Bourgeoisie in Perón's Argentina, 1945–1955"; P. Lewis, *The Crisis of Argentine Capitalism*; and Schwarzer, *Empresarios del pasado*.

increases that Perón's labor policies encouraged. The participation of industry in bank loans alone in a banking system that was nationalized in 1946 also increased from 28 percent to 55 percent between 1945 and 1950.¹¹ Profit margins in industry rose again between 1948 and 1955 and benefited not just a new class of industrialists but the established firms as well. The country's most important companies received their share of subsidies and bank credits and profited even more than new industrialists did from protectionism and numerous government policies that benefited industry.¹²

Even in terms of Perón's rise to power, the opposition of the industrialists should not be presented too starkly. Much of the confusion surrounding the role of the industrialists is due to the failure to recognize the splits within their ranks, including those within the UIA.¹³ The UIA, despite its name, had not been born, properly speaking, as an industrialists' organization but rather its origins had represented the dominant economic interests of the capital city and Buenos Aires province, that is, the dominant economic interests of the country. In the early years of the organization's history, despite fitful support for protectionism, it had not adopted a strictly proindustrial program and supported policies fully in accord with the prevailing liberal credenda in economic matters. Rather than pursuing policies to promote industrialization, industrialists had formed the peak organization above all to thwart the growth of the left and the labor movement; its early agenda was reactive rather than proactive.¹⁴ Though by the 1920s bona fide industrialists controlled the UIA executive committee, the organization continued to include among its members the country's leading agricultural, financial, commercial, and industrial interests, each with close links to one another.

11. Gerchunoff, "Peronist Economic Policies, 1946–1955," 66–67. To give just one example, the loans from the Banco Industrial (created by the military government in late 1944) increased enormously between 1945 and 1955. In 1945, the Banco Industrial granted 4,268 loans worth a total of 276,770 million pesos. In 1955, it granted 67,407 loans worth a total of 4,869,195 billion pesos. "Memoria y Balances," Banco de Crédito Industrial, 1945–55.

12. Villarruel, "El estado," 396–97; Girbal-Blacha, "Dichos y hechos del gobierno peronista (1946–1955)." The research of Noemí M. Girbal-Blacha and Marcelo Rougier on agricultural and industrial credit policies, respectively, for the years 1944–55 clearly demonstrates that Perón's government offered ample credit to the traditionally powerful companies and individuals in both sectors. See Girbal-Blacha, "Acerca de la vigencia de la Argentina agropecuaria"; Girbal-Blacha, "Economía azucarera tucumana y crédito en tiempos del peronismo (1946–1955)"; Girbal-Blacha, *Mitos, paradojas y realidades de la Argentina peronista (1946–1955)*; Rougier, *La política crediticia del Banco Industrial durante el primer peronismo*.

13. A notable exception to this oversight is Schvarzer's *Empresarios del pasado*, 84–99.

14. Rocchi, *Chimneys in the Desert*, 152–76. On the early years of the UIA, see also Sharkey, "Unión Industrial Argentina."

Landowners and industrialists did not perceive any fundamental conflict of interests until the 1940s.¹⁵

The UIA appeared to move closer to more vigorous and outspoken proindustrial positions during the Great Depression. In the 1930s, the organization displayed sympathy for a more robust state-supported industrialization to palliate the effects of the global economic crisis. For example, Argentina had lagged behind other large Latin American countries, such as Mexico and Brazil, in the development of a national textile industry, especially in cottons. In the 1930s, the UIA pushed vigorously for state support of the textile industry through protective tariffs, arguing that textiles would have a multiplier effect on industry as a whole and stimulate demand for both capital goods and workers.¹⁶ During years of intense labor strife in the industry, workers and industrialists shared positions on the need to protect the textile industry. The UIA, textile industrialists, and the textile workers' union, the Unión Obrera Textil (UOT), complained of unfair competition and "dumping" by foreign industries. The UOT went so far as to support formal ties with the textile employers' association, the Confederación de Industrias Textiles, to work out common positions aimed to protect and to stimulate the industry.¹⁷

Nonetheless, the UIA remained, in many ways, a cautious organization through the Depression of the 1930s. In 1922, a reform of the UIA statutes had ended the organization's system of proportional representation on the executive council based on the number of members held by the industrial sector. Hereafter, representation was granted equally to industries (two per industry) regardless of membership size. This reform allowed the most concentrated industries (wine, beer, cement, and meatpacking) to assume control of the UIA and brought to an end the era when small and medium-sized firms dominated the organization.¹⁸ For the next two decades, an industrial elite, largely of Italian immigrant origin and with close ties to the Banco de Italia y Río de la Plata, dominated the UIA.¹⁹ The industries that controlled the UIA in these years were unlikely to challenge the agrarian base of the country's economy. Indeed, as appendages of the agro-export economy, they were highly dependent on the perpetuation of the established

15. Schvarzer, *Empresarios del pasado*, 29, 74–76, 78–80; Hora, *The Landowners of the Argentine Pampas*, 193–200.

16. Villarruel, "El futuro como incertidumbre," 223.

17. Roberto P. Korzeniewicz, "Labor Unrest in Argentina, 1930–1943," 33–34.

18. Schvarzer, *Empresarios del pasado*, 57.

19. Jáuregui, "El despegue de los industriales argentinos," 163–65; Barbero and Felder, "Industriales italianos y asociaciones empresarias en la Argentina," 166–67.

economic model. UIA president Colombo is a perfect example of the UIA leadership's orientations in these years. Colombo was a paid executive of the winery Tomba and had ties to diverse financial groups as well as some minor holdings in textiles.²⁰ Despite his harsh criticisms of "free trade," Colombo never favored a radical, state-supported industrialization program and argued for tariff protection for Argentine agriculture and industry.²¹ Though the UIA included among its most influential members such companies as TAMET (metalworking) and Alpargatas (textiles), the base industries of Argentina's industrialization in the Depression years—the metalworking and textiles industries—were greatly underrepresented in the leadership of the organization throughout the 1930s.²²

The conservative character of the UIA was above all due to the composition of its membership. The UIA leadership was drawn heavily from the country's oldest industrial firms, and its most active and influential members were those that comprised the diverse economic empires of the country's dominant economic class. Companies such as the Tornquist family's metalworking firm, TAMET, or the Fortblatt's cement company, Loma Negra, were only part of larger family holdings found also in agriculture, commerce,

20. Schvarzer, *Empresarios del pasado*, 59–60.

21. Villarruel, "El futuro como incertidumbre," 220.

22. A number of Argentine scholars have in recent years offered a revisionist assessment of the UIA and its industrializing mission. José C. Villarruel, Graciela Swiderski, Fernando Rocchi, and Aníbal Jáuregui in particular have argued that industrial interests already predominated in the UIA from early in the century and that with the election of Luis Colombo to the presidency of the UIA in 1924, a turning point was reached. Thereafter, they argue, the UIA was a staunch defender of industrialization and its positions presaged many of the Peronist policies of the 1940s and 1950s: tariff protection to foment industry and not simply as a source of public revenue, the expansion of public credit for industry, and support for public ownership of strategic resources such as oil were just some of the demands of the UIA that presaged Peronist economic nationalism. Industrial planning was another. Foreshadowing the immigration policies in Perón's Second Five-Year Plan, the UIA urged that immigration policies be developed in accordance with the technical needs of Argentine industry (Villarruel, "El futuro como incertidumbre," 200–201). Though a salutary correction to the UIA's image of abject weakness, such interpretations also seem overstated. Their own research often demonstrates how tied the UIA was to the liberal order. As Villarruel acknowledges, the UIA adhered to "liberal" positions on state involvement in labor relations and advocated reduced wages and increased productivity to stimulate industrial activity, opposing the eight-hour day and the minimum wage (214). A "progressive" industrialist such as Torcuato Di Tella favored collective bargaining and improving working-class welfare through social security, unemployment insurance, and public housing but opposed public money used for such purposes and preferred a system in which employers and workers financed such things on behalf of what were essentially paternalist policies. Nor did the industrialists' organizations ever seriously question the country's established agro-export model, beyond declamation and discourse. The UIA's deliberate actions often belied its programmatic statements and its ties to the prevalent liberal assumptions about the economy were strong and many. If the UIA represented strictly industrial interests, it did so in a most inconsistent and desultory fashion. For the dissenting point of view from the revisionists, see Schvarzer, *Empresarios del pasado*.

and finance.²³ Such firms did not have an independent existence and were reluctant to embrace an industrialization program that went beyond protection of established oligopolies. The UIA's prevailing philosophy was precisely to lobby tirelessly on behalf of large firms but offer only programmatic, sometimes contradictory statements in favor of a state-supported industrialization program. Indeed it is important to remember that many of the most active members of the UIA, such as UIA president Colombo, were not industrialists at all but company functionaries, upper-level managers of the firms they represented in the UIA. Other important members had their major industrial investments in public utilities controlled by foreign capital, such as the CADE and the CIADE, the two principal electric power utilities that supplied Buenos Aires with its electricity, unlikely candidates to push a radical program of state-supported industrialization.

The UIA's status as a lobby and private club of the representatives of a small number of large, powerful firms was not surprising given the close business and family links between the UIA's members and other members of economic elite. Relations between the Sociedad Rural and the UIA were always cordial in these years, and several members sat on the boards of directors of both the UIA and the SRA. Indeed, by the early 1940s, the UIA was, along with the SRA, an organization still representing the dominant economic interests of Buenos Aires, that is, the dominant economic interests of the country whose members had overlapping interests in industry, commerce, agriculture, and finance.²⁴ These characteristics of the UIA did not prevent industry from growing or individual industries from thriving, as Fernando Rocchi's study of industrialization in these years has convincingly shown. It meant, however, that the UIA and the industrialists who dominated the organization felt no compelling need to embrace a vigorous state intervention to promote industry. The prosperity of Argentina's export economy and the growth of the domestic consumer market seemed sufficient for that purpose, though the UIA was not adverse to criticizing on occasion the state's supposed indifference to the development of national industry on such issues as public credit and tariff protection.²⁵

Still, the UIA's unwillingness to embrace a more *dirigiste* industrialization program was revealed on numerous occasions in the 1930s and during the early war years. The UIA was ultimately more interested in protecting established

23. On these diversified economic empires and the nature of pre-Peronist industrialization, see Guy, "Dependency, the Credit Market, and Argentine Industrialization, 1860-1940."

24. Schwarzer, *Empresarios del pasado*, 74-80.

25. Rocchi, *Chimneys in the Desert*, 180-83, 222-28.

industrial oligopolies than deepening the industrialization process in the late 1930s and early 1940s, such as when it opposed a government measure to award foreign exchange for importing machinery for the textile and shoe industries.²⁶ The UIA opposed the exchange control policies followed by Argentine governments from the 1930s on and adhered to a *libre cambista* (free-floating currency) position, unwilling to share precious foreign exchange with upstarts in the textile, metalworking, and other industries. Such positions contradicted the UIA's earlier programmatic support for tariff protection of the textile industry that, in reality, had reflected support for protecting established oligopolies and certain well-connected companies rather than industry as a whole.

Similarly, the UIA warmly received the 1940 Plan Pinedo, which sought to palliate the effects of the Depression and weaken links with the British metropole by encouraging light industry, which was, in large measure, ancillary to the agrarian economy or promoting industries in which Argentina enjoyed a comparative advantage because of natural resources (including cotton textiles) and could possibly penetrate the Latin American market. Support for the so-called artificial industries such as metalworking and primary attention to the internal market and autarchy did not characterize the UIA's positions in these years. The Plan Pinedo and the UIA's enthusiastic support of it, despite previous programmatic statements rejecting the distinction between "natural" and "artificial" industries, revealed the still desultory nature of the UIA's industrializing mission at the onset of the 1940s and World War II and its continued links to the Argentine liberalism.²⁷ As late as 1942, the UIA was siding with the Sociedad Rural and the Bolsa de Comercio and espousing liberal positions on a range of issues. Colombo, for example, signed a letter of protest to the Congress with the SRA and the Bolsa de Comercio objecting to a series of bills that created government bodies with a regulatory role in the national economy, thereby implicitly questioning the utility of state economic planning.²⁸

All this argues for not simply conflating industrialists' positions with those of the UIA, especially with those of the peak association's established

26. Schvarzer, *La industria que supimos conseguir*, 181–82.

27. Llach, "El Plan Pinedo de 1940 y su significado histórico en los orígenes de la economía política del peronismo," 534–38; Manzetti, "The Evolution of Agricultural Interest Groups in Argentina," 591; Sidicaro, "Los conflictos entre el Estado y los sectores socioeconómicos predominantes en la crisis del régimen conservador (1930–1943)," 321; Swiderski, "La UIA; ¿Sustitución de importaciones o mercado externo?" 234–35.

28. Archivo General de la Nación (henceforth AGN), Fondo Justo, Legajo 104, Doc. 209, August 24, 1942.

leadership. The industrialists' organization had a complicated history and included within its ranks specific interests that made a wholesale identification with Perón's movement highly improbable. The war years (1940–45) are therefore a crucial conjuncture for determining the validity of Di Tella's anti-status quo elite thesis and for assessing support for industrialists in the origins of Peronism. The UIA experienced important changes during the war that were reflected in a very checkered history. The growth of the industrial bourgeoisie as well as changes within the established industrialists' ranks that had long dominated the UIA would challenge the organization's hidebound traditionalism. During World War II, the UIA's ideology would become more strictly proindustrial, more imbued with a nationalist discourse that extolled "economic independence" through industrialization.²⁹ This migration toward industrial nationalism and an "inward-looking" model, though with some antecedents in the UIA's positions on economic policy in recent decades, became most pronounced with the assumption of power by a military government in 1943 and fears about an impending end to the hostilities and the termination of the favorable conditions for national industry.

The rapid growth of industry during the war had certainly contributed to a movement in the direction of industrial nationalism. Industrial censuses between 1935 and 1946 reveal a process of dispersion in Argentine industry, with many new small and medium-sized firms appearing, especially in the expanding sectors such as textiles, metalworking, machinery, and electrical appliances. Between the 1935 and 1946 industrial censuses, Argentine industrial production doubled. More than 70 percent of the production registered in 1946 took place in plants that had already existed in 1935, but the rest was due to the creation of new factories employing more than five hundred workers.³⁰ New firms, especially in highly labor-intensive industries such as textiles and metalworking, increased in large numbers because of import restrictions and government policies beginning in 1943. These firms tended to be small and medium-sized establishments (employing fewer than one thousand workers), controlled by national capital.³¹

The origins of the Peronist industrial bourgeoisie are to be found thus in these years; and many of these new industrialists envisioned a more prominent

29. Swiderski, "La UIA ¿Sustitución de importaciones o mercado externo?" 244.

30. Schwarzer, *La industria que supimos conseguir*, 173.

31. Barbero, "Argentina," 380. This process intensified under Peronist rule. In the 1946 industrial census, there are some 85,000 industrial establishments listed, employing a total of 125,000 employees and some 900,000 workers. In the 1954 industrial census, there were now 151,282 establishments listed. The numbers of employees and workers had risen to 166,980 and 1 million, respectively. *Censo industrial de 1954*, 12.

role for industry in government policies and in national life. The UIA had warmly received many of the military government's proindustrial measures. The creation of a separate ministry of Industry and Commerce, with a consultative role granted to the UIA, and the establishment of the Banco de Crédito Industrial (with a UIA vice president and textile industrialist, Ernesto Herbín, named as its first director) were just two examples. The UIA in general had initially supported the government's economic policies.³² The UIA seems to have embraced a more outspoken industrial nationalism and adopted a more active role in advancing industrialization and support for national industry than it had ever done in its history because of pressure from these new industrialists and the expansion and increasing profitability of already-established firms.

The UIA's Instituto de Estudios y Conferencias Industriales sponsored a lecture series, broadcast on the government's radio channel between 1940 and 1945 precisely for that purpose. With the participation of both industrialists and military officers, the UIA's lecture series promoted the need to protect industry for "national defense" and to ensure that the gains of the war years would not be undone, leaving national industry unprotected to foreign competition.³³ By the end of the war, such feelings were commonly held assumptions among industrialists, no matter what the industrial sector or political persuasion of the individual industrialist. Hence, a particularly noteworthy lecture was then given by textile industrialist and UIA secretary Raúl Lamuraglia, soon to emerge as the leader of the anti-Perón faction within the industrialists' association. Lamuraglia likewise demanded a "defense" of national industry, the creation of an Instituto Nacional de Tecnología," and state intervention in general to increase industry's efficiency and to ensure its survival.³⁴

The UIA's positions on other issues also underwent a significant change during the war, including, surprisingly, labor matters. The industrialists'

32. *Revista de la Unión Industrial Argentina* 57, no. 908 (August 1944): 3-9; *ibid.*, 57, no. 909 (September 1944): 16-17; *ibid.*, 57, no. 910 (October 1944): 3-4; *ibid.*, 58, no. 922 (October 1945): 72-73. See also Jáuregui, "Los industriales ante el surgimiento del peronismo," 212, and Lucchini, *Apoyo empresarial en los orígenes del peronismo*, 60-68.

33. The military and the industrialists had a close working relationship in these years, and the army in particular was an important actor in this new phase of Argentine industrialization. UIA members frequently published articles on industrial matters in the in the army's "Revista Militar," and military officers were regular speakers in the UIA's lecture series. Rejecting concepts of "artificial" and "natural" industries, the military agreed with the country's industrialists newfound enthusiasm on the need for state intervention to encourage an industrialization process oriented toward the domestic market for self-sufficiency. "Autarchy" was necessary in case of international conflict and for purposes of military preparedness. The "civilización de acero" it predicted was imminent perforce required the development of a strong metallurgical industry, one which required state support and protection.

34. *Unión Industrial Argentina*, *Un Ciclo de veintidos conferencias radiotelefónicas*, 37-41.

association reversed its former hostility to the minimum wage, a social security law, collective bargaining rights for labor, and state mediation in labor-capital relations.³⁵ This change of heart was undoubtedly partly the result of the expansion of the domestic market in these years and the adoption of an inward-looking economic model that gave priority to internal demand. Among industrialists, a consensus emerged on the need to offer workers minimum guarantees to ensure high levels of consumption. As Carlos Waisman has pointed out, the demonstration effect of the success of similar policies in the industrialized countries and the fear of revolution should they not be adopted also contributed to a reassessment of the UIA's formerly intransigent opposition to state intervention in labor matters.³⁶ Industrialists were also reluctant initially to antagonize the new government on labor policies and other issues and naturally sought good relations with the new public authorities. But internal changes were at work within the industrialists' ranks as well—their increased numbers and the growing importance of industry in the national economy—that created greater sympathy for more aggressive industrial policies than had existed in the past.

Nonetheless, the traditional industrialists who continued to dominate the UIA still depended too much on the fortunes of the agro-export sector for foreign exchange and capital goods for them to jettison altogether long-standing positions. As the war drew to a close, the UIA continued to urge active government support for industrialization, which it often presented with an air of urgency to ensure the industry's survival—support for modernizing the country's factories, creating base industries, and tariff protection. At the same time, the industrialists' organization was also voicing greater criticisms of the military government, especially of its labor policies and their architect, Colonel Juan Domingo Perón.³⁷ As early as 1943, the UIA had expressed doubts about the nature of state intervention in labor matters under the military government.³⁸ Perón's labor policies do loom as the decisive factor that pushed the majority of UIA members to oppose him. The Argentine industrialists' own history weighed too heavily on them to

35. See the UIA's paid announcement in the late 1945, amid the electoral campaign, urging that the government pass a social security law for the workers guaranteeing maternity leave, health and unemployment insurance, disability coverage and other measures. *La Nación* (November 14, 1945).

36. Waisman, *Reversal of Development in Argentina*, chaps. 6, 7.

37. Until this point, the UIA had more praise than criticism for Perón's labor policies. In late 1944, for example, it was still publicly at least lauding Perón's actions: "By establishing collective bargaining agreements between industrialists and the workers, the dangerous, professional agitators of the past are eliminated, placing in their stead, the friendly collaboration between industrialists and the authentic workers." *Revista de la Unión Industrial Argentina* 57, no. 910 (October 1944): 19.

38. Swiderski, "La UIA; ¿Sustitución de importaciones o mercado externo?" 246–49.

embrace the government on this issue. The UIA's origins and Argentine industrialists' identity as a class had been forged on the labor question.³⁹ Though the UIA had come to accept some of the labor gains sponsored by Perón, it remained generally opposed to the state's infringement on its prerogatives on labor matters. Among them was Perón's proposal that the workers share in company profits. Industrialists were certainly opposed to Perón's politicization of labor policies and his tendency to impose such changes without consultation.⁴⁰ By early 1945, the UIA was increasingly critical of specific measures promulgated by the government, such as the establishment of fixed wages scales (*escalafón*), the elimination of piecework, and the closed shop rule. It also criticized Perón's use of "a certain terminology" that presented every collective bargaining agreement as a "conquest" won from a supposedly miserly business sector.⁴¹

The UIA's decision to join the opposition forces and to participate in an early 1946 employer lockout, along with those employer organizations representing agriculture and commerce, was also greatly influenced by the unique political situation in the country in late 1945. The war had just ended and prodemocratic sentiment was on the rise in the country. The military government's and especially Perón's suspected fascist sympathies provided an easy target. The opposition sparked by Executive Decree 33,302, which, among other things, established a National Wage Council to implement a living minimum wage and enforce the yearly bonus (the *aguinaldo*), allowed the business community in general to label the measure a "politically inspired" decree that responded to a totalitarian project. The UIA presented its opposition as being as much in support of democracy as in defense of business interests.⁴² However, given Argentine industrialists' historic lack of representation in any of the established political parties and their overriding concern for protecting their economic interests, there appeared to be less enthusiasm for this impending democratic restoration among them than they voiced.⁴³ What the UIA's industrialists perhaps most objected to was not the military government's labor policies but that Perón especially seemed intent on subordinating the UIA to government diktat. The UIA's growing opposition to Perón's labor policies must

39. See Rocchi, "Un largo camino a casa: Empresarios, trabajadores e identidad industrial en Argentina, 188–1930."

40. Jáuregui, "Los industriales ante el surgimiento del peronismo," 214, 220.

41. *Revista de la Unión Industrial Argentina* 57, no. 913 (January 1945): 42–43.

42. *Revista de la Unión Industrial Argentina* 59, no. 925 (January 1946): 3–19.

43. On this point, see Lucchini, *Apoyo empresarial en los orígenes del peronismo*, 24–33, 60–61.

be partly understood as discontent with the lack of industrialists' influence in these decisions concerning their labor forces.⁴⁴

There was also greater dissent within the UIA about participation in the anti-Perón Unión Democrática forces than is often recognized. A minority of the established industrialists, eager to promote industry more vigorously and with little sympathy for the country's traditional agro-export elite, had deep reservations about such a vigorous opposition to Perón. They, along with other UIA members locked in a simple power struggle for control of the organization, were the ones who lost control of the UIA after Perón's election to the hard-line anti-Peronists in the organization in an April 29, 1946, internal election. The election pitted an anti-Peronist faction headed eventually by Pascual Gambino and backed by Raúl Lamuraglia against a conciliatory faction headed by Ernesto Herbín and supported by Miguel Miranda and his group of "collaborationists."⁴⁵

44. Jáuregui, "Los industriales ante el surgimiento del peronismo," 220.

45. Miguel Miranda, Aquiles Merlini, and Rolando Lagaomarsino, industrialists who wished to see the UIA play a more vigorous role in industrial development and who would occupy important positions in Perón's government, were representative of the pro-Perón faction of the UIA. Miranda replaced Ernesto Herbín as president of the Banco Industrial in late 1945. Miranda was an enthusiastic advocate of a partnership between industrialists and the state to deepen the process of industrialization in the country. One of his first initiatives as president of the Banco Industrial was a national survey to find out the specific needs of industrialists to carry out industrial planning under the military government more effectively. See *Revista de la Unión Industrial Argentina* 59, no. 925 (January 1946): 86–87. Under Perón, Miranda would serve for several years as president of the Banco Central and then as chair of the National Economic Council, which, among other things, oversaw implementation of Perón's First Five-Year Plan. Merlini was the president of one of the country's most important metalworking firms and did more than any other president to ally the metalworking industrialists with Perón's government. He was named first president of the Confederación de la Industria by Perón. Lagaomarsino, a textile industrialist, expressed on numerous occasions fear of returning to a liberal economy at the war's end; he became Perón's Minister of Industry and Commerce. They were opposed in late 1945 and early 1946 by more traditional members, such as UIA president Luis Colombo and the country's most successful industrialist and president of the Sociedad Industrial Americana de Maquinarias (SIAM), Torcuato Di Tella, although both Colombo and Di Tella had initially sought to maintain good relations between the UIA and the military government established in June 1943. Indeed, industrialists such as Colombo and Di Tella had nothing but praise for the proindustrialization measures of the military government, such as the 1944 decree Fomento y Defensa de la Industria Nacional that established antidumping laws and generally protected domestic industry. For example, see *Revista de la Unión Industrial Argentina* 57, no. 907 (July 1944): 21–23. Though some such as Di Tella had impeccable antifascist credentials (despite maintaining amicable relations with the political bosses and fascist sympathizers, Alberto Barceló and Manuel Fresco of Avallenda where his factories were located), many of the industrial paladins of democracy and liberalism during 1945–46 conjuncture had been outspoken in their praise of Mussolini's Fascist Italy, and Colombo in particular had supported the 1943 coup d'état precisely because of the fascist-inspired reforms it promised to undertake. Indeed, after Perón's victory, Colombo jumped sides and supported the pro-Perón Miranda-Lagaomarsino faction in the April 1946 UIA elections. Guido Clutterbuck, director general and SIAM's representative to the UIA at the time of the election, did likewise, as did Carlos Tornquist, owner of the

At least as significant as the victory of the anti-Peronist slate was the existence of the pro-Peronist slate. Before Perón's election, there had been more dissent within industrialists' ranks regarding how to deal with Perón than has often been reported. Scholars too often conflate the attitudes of the UIA old-guard leadership with those of all the country's industrialists. The growth of the manufacturing sector during World War II had introduced new actors into the industrial bourgeoisie and redirected the priorities of already established participants. Perón's industrial support certainly included the new industrial interests, the classic import-substitution industrialization (ISI) industrialists—many of whom were never members of the UIA—who benefited from wartime shortages as well as the tariff protection, bank credits, and exchange permits that the government now made available to them. Some established industrialists were also included. Even after having opposed Perón, the UIA was immediately urging his recently elected government to make good on its promises and to continue to protect industry and maintain exchange controls for industry's benefit.⁴⁶ Indeed, the considerable delay in abolishing the UIA (it would not be abolished until 1953) indicates an attempt on the part of Perón and those of the country's established industrialists who remained in the organization to find some common ground and cooperate with one another.⁴⁷

Industry was in a predicament following Perón's victory. Though the majority of businessmen had opposed him, clear benefits were to be won by having a close working relationship with his government. The weight of tradition and recent animosities, however, were too great to permit a wholesale reconciliation and the principal employers' organizations remained

metallurgical firm TAMET. On the split in the UIA's ranks over Peronization, see the memoir of J. Rodríguez Goicoa, then a member of the UIA executive committee, *El caso del cheque y el problema creado a los industriales argentinos*. See also Pablo Castel, *Empresariado nacional y cambios sociales*, 58–60; Lewis, *The Crisis of Argentine Capitalism*, 155–57; and Schwarzer, *Empresarios del pasado*, 94–98.

46. *Revista de Unión Industrial Argentina* 59, no. 927 (March 1946): 69–71; *ibid.*, 59, no. 930 (June 1946): 9.

47. Even Raúl Lamuraglia, the textile industrialist who led the anti-Peronist faction within the UIA, was forced to acknowledge years later that opposition to Perón crumbled after the intervention of the UIA. From that point on, says Lamuraglia, the small and medium-sized firms that were cultivating close ties to the state and had supported Herbín's candidacy were solidly in Perón's camp. Indeed, he acknowledged that even large, influential firms such as SIAM and Alpagatas, the country's largest textile company, were unwilling to antagonize Perón and sought to cultivate good relations with the government. Torcuato Sozio Di Tella, nephew of Torcuato Sr. and head of SIAM's legal department, similarly claimed that there was an *especie de mimetismo* between the intervened UIA and the Confederación de la Industria subsequently established by Perón, that there were very few cases of industrialists opposing Perón after the UIA's intervention, and that while industrialists did not become Peronists per se, there existed widespread sympathy for Perón's economic program. Interviews with Raúl Lamuraglia and Torcuato Sozio Di Tella, Instituto Torcuato Di Tella, "Oral History Collection."

hostile to Perón. On May 17, 1946, just weeks after the UIA elections, Perón interdicted the organization and stripped it of its *personería gremial* on grounds of its political involvement and charges that it had failed to represent industrialists' interests as a whole.⁴⁸ For the next nine years, Perón attempted to organize industrialists into a progovernment organization with only partial success. The remaining holdouts in the UIA were courted and the interdiction may have been as much the result of Perón's interest in easing membership requirements (specifically, to reduce its membership fee) and extending the benefits of its services through government sponsorship to the manufacturing community as a whole, as it was a reprisal for the UIA's opposition.⁴⁹ At the same time, the continued intransigence of some industrialists caused Perón to prohibit the entry of new members into the organization. By the time it was disbanded in 1953, the UIA was barely functioning.

As he was attempting to deal with the UIA, Perón simultaneously tried to create an alternative organization that would represent industrialists and business. In May 1946, following the UIA's interdiction, Perón's government established the Asociación Argentina de la Producción, Industria y Comercio (AAPIC) to institutionalize the support business groups within and outside the UIA disposed to cooperate with the regime.⁵⁰ The AAPIC's structure included industry and commercial and agrarian interests and revealed Perón's intention to court business interests broadly and to strengthen the polyclass basis of his regime and its corporatist representation. Ideologically,

48. Lewis, *The Crisis of Argentine Capitalism*, 157.

49. Such was the U.S. embassy's interpretation of the intervention. See U.S. Department of State, Internal Affairs of Argentina, 1945–49, 835.5043/5-2846, May 1946; 835.50/6-2146, June 27, 1946.

50. Some scholars have argued that Perón had scant interest in organizing business after his election. Ben Ross Schneider notes the suggestion by some that, given the prosperity of the Argentine economy in the immediate postwar period, Perón had fewer incentives to organize the business sector in a "peak association," such corporatist representation generally being instigated by the state in times of economic crisis. Schneider, *Business Politics and the State in Twentieth-Century Latin America*, 178–79. Aníbal Jáuregui rejects outright any interest in Perón's part in organizing business—though he offers no proof for such an assertion—noting simply that Perón preferred to negotiate with business directly, by firms or at most the industrial sector. Jáuregui, "Prometeo encadenado," 55. Though we agree Perón's interest took on a much greater urgency during the economic and political crisis of his second administration, we do believe Perón had a certain interest and expended some efforts to organize business, among other reasons because certain facets of his economic policies, economic planning, for example (a concern from the very early days of the First Five-Year Plan), would benefit from an organized business sector. Both the AAPIC and its successor, the CEA, were established at the initiative of the Perón government, not business. If there had been no interest in a business association, why would Perón have even bothered to endorse such organizations or the government to pay the rent for their headquarters on Rivadavia Avenue during the years of their existence? At any rate, Perón's clear preference for negotiating directly with industrialists in the first years of his administration was not incompatible with an interest in a corporatist representation for business for other purposes.

the members of the AAPIC may have identified with some facets of Perón's concept of the "organized community" and his economic nationalism. The AAPIC consistently defended state intervention in the economy and the harmonization of class interests, and it employed a political vocabulary that stressed "solidarity," "defense of the nation," and attacks against "selfish individualism."⁵¹ Its programmatic statements revealed more sympathy for a corporatist system than for any classic liberalism: "We must face with resolve the social problem. Harmony among farmers, commerce, and industry. Harmony between capital and labor in order that the latter might achieve its material comfort and the former realize its role as promoter of progress. Harmony with the State, which we want to be vigilant regarding the country's economic and social problems in order that all might carry out the specific role that belongs to them in pursuit of the country's prosperity."⁵²

The depth of this ideological affinity should not be overstated. As an organization, the AAPIC never fully identified with the Peronist state. Images of Perón and Evita may have appeared frequently in its publications, and public displays of fealty to the regime were numerous, but genuine ideological sympathy among most of its members was probably shallow. Nor did the AAPIC display much enthusiasm for embarking on a national organizational drive of the country's principal businessmen as Perón was urging. AAPIC members feared that such an organization would diminish the influence of the Buenos Aires companies that had dominated the UIA and continued to do so in the AAPIC. The organization's principal preoccupations were, predictably, not promoting Justicialist doctrine but market conditions, problems with transport, credit and supplies, and collective bargaining negotiations. Most likely, the AAPIC embraced a programmatic *justicialismo* and a working relationship with Perón for economic survival. Moreover, as time passed, the government's control over the organization grew weak, and the AAPIC did not hesitate to criticize the regime. It particularly did so on issues of wages and prices because the majority of the industries

51. See "Hacia un sistema gremial federativo," AAPIC *Boletín Semanal*, no. 2 (May 29, 1948): 1.

52. "Manifiesto a las fuerzas económicas del país," *Boletín de AAPIC*, no. 1 (December 1946): 1. The AAPIC took great pains to demonstrate fealty to the Peronist project, revealing perhaps the extent to which it was originally more a creation of the government than an authentic employers' organization. For example, with the election of the AAPIC's first executive committee on September 30, 1946, the organization sent a letter to José Figuerola, secretary of technical affairs, stating its purpose: to conciliate the interests of capital and labor; to promote and defend national agriculture, industry, and labor; and to improve the economic well-being of the working class as well as its social and cultural advancement. This Peronist litany read more like government propaganda than the program of an authentic employers' organization. AGN, Archive Pres. Juan Perón, Asuntos Técnicos, legajo 599, "Presentación de producción industrial," Letter from AAPIC to Minister José Figuerola, November 4, 1946.

represented in the organization were not large enough for shop-floor control issues to figure prominently in their grievances.⁵³ Finally, since many of the country's most powerful businessmen in both industry and agriculture refused to join the organization, it scarcely fit Perón's purposes.

It was the inability to transform the AAPIC into a powerful, pro-Peronist businessmen's association that prompted Perón to disband the organization and establish the Confederación Económica Argentina (CEA) in its stead. Like the AAPIC, the CEA represented essentially Buenos Aires economic interests, although, unlike the AAPIC, it managed to add to its membership some of the more powerful holdouts from the government-interdicted UIA, such as the metalworking firm SIAM-Di Tella; Pirelli, the country's largest manufacturer of rubber tires; and the Loma Negra cement company.⁵⁴ The CEA's direct lineage to the UIA was demonstrated by its relentless lobbying for restoring the legal status the UIA, by proposals that its own industrial wing and the UIA be merged, and by its suggestion that the newly reconstituted industrialists' association work out of the UIA's former headquarters.⁵⁵ Like the AAPIC, the CEA was principally preoccupied with ensuring good relations with the regime, lobbying in its members' behalf, and redefining the relationship between business and the state in Perón's Argentina. A typical concern from a survey among the members was discrimination and obstacles to bank credits from the country's newly nationalized banking system.⁵⁶

As with the AAPIC, there may have existed some vague ideological sympathy for Peronism. At the founding ceremony of the CEA in August 1948, the organization publicly stated as one of its aims obtaining "social legislation that would respond to an ideal of cooperation and understanding between capital and labor." It also professed a wider vision of industrial planning than the UIA ever had, more actively promoting, for example, the establishment of a national system of industrial vocational schools to create a more skilled labor force and proposing its own program to sponsor lectures and to finance scholarships to promote and disseminate scientific knowledge in Argentina. Other projects, such as the Instituto de Trabajo (set up to study

53. Even among the larger industries active in the AAPIC, management and shop floor control issues did not yet figure prominently. A typical AAPIC criticism of government policy was that of the metalworking industrialists in response to the Labor Ministry's granting a 40 percent wage hike in the industry. See "Cámara Argentina de Industrias Metalúrgicas," AAPIC *Boletín Semanal*, no. 26 (November 1948): 164-65.

54. Lewis, *The Crisis of Argentine Capitalism*, 164-65.

55. Archive of the Confederación General Económica (henceforth CGE Archive) Confederación Económica Argentina (CEA): Actas Comisión Directiva, *Libro de Actas* Año 1, no. 2, Acta no. 97 (September 27, 1950): 87-88.

56. CGE Archive, CEA: Actas Comisión Directiva, Año 1, no. 2, Acta 82 (September 1, 1949): 43.

all problems related to work and industrial relations), and its support for close cooperation with the government to research trends in international business and devise foreign marketing strategies for Argentine products, reveal a new kind of businessmen's organization.⁵⁷ But, as with the AAPIC, the CEA functioned mainly as a lobbyist and pressure group with the Peronist state, working on behalf of the country's established business interests, especially industrial ones.

Though the CEA represented overwhelmingly Buenos Aires firms, within a few months of its founding it was already under pressure from business groups in the interior to open its ranks. The rivalry between the small businesses of the provinces and Buenos Aires had been apparent for some time. Throughout the years between 1946 and 1950, business associations had been mobilizing in the interior, particularly in the northwest. The northwest provinces, such as Tucumán, had been prosperous during the colonial period—closely linked to the Potosí silver mines—and from the late nineteenth century, the province had a flourishing sugar industry protected by the national government, but then it began to decline.

The early mobilizations of provincial businessmen, predominantly owners of retail establishments but also small farmers and some industrialists (owners of sugar refineries in Tucumán province, for example), were at first strictly defensive: protesting the government's tax policies and especially the wage increases it had supported, now granted in state-sponsored collective bargaining agreements. Such measures were unwelcome to the businessmen of a wealthy Buenos Aires but considered positively catastrophic by the small businessmen of the interior.⁵⁸ They soon moved beyond protest over these immediate problems, however, and attempted to participate in Peronist economic planning as part of a national movement in pursuit of economic federalism and provincial development. In 1946, in Santiago del Estero, the Primer Congreso de Planificación del Norte Argentino was held, bringing together businessmen from the northwest to participate in drafting proposals and mobilizing support for Perón's first Five-Fear Plan. In December 1948, northwestern businessmen organized the Congreso Económico del

57. CGE Archive, "Actas de Asambleas: Asociación Argentina de Producción e Industria," 1, Acta no. 4 (August 20, 1948): 17–19.

58. Not only had members of the UIA, the *Sociedad Rural*, and the *Bolsa de Comercio* mobilized to protest the *aguinaldo* and salary increase decree of late 1945, so had small businessmen from provinces such as Santiago del Estero, Entre Ríos, Santa Fe, and San Juan. The January 14–16, 1946, employer lockout was widely adhered to in the interior. See *La Prensa*, January 6, 1946, 8; January 16, 1946, 7; January 17, 1946, 8–9.

Norte and formed the Federación Económica del Norte (FENA) to address the region's special problems.⁵⁹

In May 1950, the members of the FENA, along with representatives from Córdoba, Santa Fe, San Luis, and Mendoza, met in Catamarca to hold the second Congreso Económico del Norte and to sign the Act of Catamarca, pledging support for the formation of a national business organization, a peak association dedicated to regional development and economic federalism.⁶⁰ That pledge was realized later the same year, in December 1950, when small businessmen from throughout the provinces met in Mendoza and formed the Confederación Argentina de la Producción, la Industria y el Comercio (CAPIC), an organization ostensibly established to represent strictly provincial interests.⁶¹ The two 1950 gatherings also turned out to be forums for the expression of the general grievances of the provinces, as well as their deep federalist sentiment. A marked class animosity was also present, and soon these small businessmen were proudly flaunting their status as *bolicheros*, small-time peddlers, self-made men, and business hustlers, adopting with enthusiasm what had been an early scornful characterization of them by the Buenos Aires business elite. Similar to how the Peronist working class had proudly adopted its identity as the once scorned *descamisados*.

By the early 1950s, it was clear that Perón's efforts to create a single business organization based on the country's dominant economic interests had failed. The legacy of the effects of the 1930s Depression on many of the provinces, the poor integration of the interior into the national economy, and its continued subordination to Buenos Aires added to the initial indignation sparked by the regime's tax and wage policies. The potential bankruptcies they threatened mobilized small businessmen in such unlikely places as Tucumán, Catamarca, and the Chaco. Soon thereafter, CAPIC representatives began to attend the CEA's general assemblies and to express their wishes that the organization concern itself with the interior's problems.

From the beginning, the sugar-producing provinces of the northwest, especially Tucumán, would be particularly vocal in their demands for government attention to their concerns. Transportation was a special concern,

59. Federación Económica de Tucumán, *Memoria 1953-1992*, 14-17; Schwarzer, *Empresarios del pasado*, 101-2. The provinces that joined the FENA at the 1948 conference were Tucumán, Salta, Jujuy, Catamarca, Santiago del Estero, and La Rioja as well as the then federal territories of Formosa and the Chaco.

60. CGE Archive, "El proceso de creación de la Confederación General Económica: Siete años intensos: 1946-1953," internal memorandum, 11-13; Logrippo, *Las fuerzas económicas argentinas*, 439-51.

61. On the CAPIC, see Logrippo, *Las fuerzas económicas argentinas*, 272-302.

especially the dilapidated condition of the Ferrocarril de Salta to Antofagasta in Chile, a vital outlet for the northwest sugar economies. Local businessmen felt it could be revitalized only through government intervention and public investment while the cotton, tea, and yerba maté growers of the northeast provinces also demanded redress for inadequate transportation and especially for the lack of adequate storage facilities for their products.⁶² In the third Congreso Económico del Norte, held in Resistencia in 1951, the subjects discussed expressed the concerns of the country's provincial small businessmen: problems with credit, industrial promotion, and transportation.⁶³ Little by little, regional economic interests, from the northwest and northeast in particular, gained influence and Perón's business support took on a distinctly provincial character. The CAPIC developed beyond a strictly defensive organization into one with a general federalist sentiment that could identify with certain elements of Peronist economic policies, especially the emphasis on promoting the domestic market and an active role for the government in national economic development.

The CEA, despite the growing influence of the interior, nevertheless continued to be dominated by *porteño* businessmen. CEA's lineage to UIA was revealed in its continued campaign to fuse its industrial wing with the interdicted industrialists' organization and in a request to operate out of the UIA's former headquarters.⁶⁴ The large companies that controlled the CEA, such as SIAM-Di Tella and Loma Negra, had been alternately critical and dismissive of the mobilization of the *bolicheros*, especially once the CAPIC members attempted to assert real influence within the CEA. Perón, always sensitive to the shifting moods, political conditions, and opportunities in his country, nonetheless began to pressure the CEA to undertake a national registration drive that would leave no business activity outside the government's aspiring corporatist structure. The CEA, in principle, agreed to incorporate the businessmen of the interior, but in practice, the spectacle of the Buenos Aires economic elite's sharing power with the traveling salesmen, small farmers, and provincial country storeowners was unsettling, hence little was accomplished.⁶⁵

62. CGE Archive, "CEA: Actas Comisión Directiva," Año 1, no. 2, Acta no. 99 (October 10, 1950): 95; *ibid.*, no. 102 (November 23, 1950): 115.

63. *El Chaco*, 23, no. 272 (July–September, 1951): 26; Logrippo, *Las fuerzas económicas argentinas*, 452–75.

64. CGE Archive, "CEA: Actas Comisión Directiva," Año 1, no. 2, Acta 97 (September 27, 1950): 87–88.

65. The only significant gesture in these months to the interior was a CEA outreach campaign to survey provincial industrialists whether they were being affected by the shortage of fuel, parts, and machinery that industrialists in Buenos Aires were complaining of. CGE Archive, "CEA: Actas Comisión Directiva," Año 1, no. 2, Acta 104 (April 26, 1951): 121–22.

Perón, however, by now earnestly and urgently desired a stronger representation and support from the business sector. The changing fortunes of the Peronist state demanded it. By the early 1950s, the government's weaknesses were already becoming apparent. A solid business front was necessary to respond effectively to increased labor demands and to prevent divisions within the ranks of capital. Perón wished to discipline business to avoid problems such as the recent capitulation of some textile industrialists to union pressure in collective bargaining negotiations and the inflationary pressures their wage increases added to the economy.⁶⁶ The CEA's failure to act as a dynamic business confederation prompted Perón to take the initiative. In December 1951, Perón sponsored a conference at the University of Buenos Aires Law School to discuss the reorganization of the country's businessmen's associations, culminating in the creation of three national business confederations divided by sector (industry, commerce, and agriculture). The issue of a single employers' organization representing the three confederations remained unresolved, with Perón preferring that the CEA play that role.

Demands for an organization that represented the interests of the interior intensified throughout 1952 because of the concessions made to the Commercial Workers' Union in the recently signed national collective bargaining agreement, which the small businesses of the interior insisted would have disastrous implications for the provincial economies.⁶⁷ Of the three confederations established in December 1951, the one representing commerce, dominated by the merchants of the interior, demanded a new organization guided by federalist principles in which provincial interests were taken into account. In December 1952, the government finally established the Confederación General Económica (CGE), a name that reveals Perón's intent to include business in his aspiring corporatist structure along with other sectors such as labor (Confederación General del Trabajo), professionals (Confederación General de Profesionales), and university students (Confederación General Universitaria). The CGE leadership suspected Perón's corporatist intentions but were prepared to deal with them as a single business peak association.⁶⁸ The reluctant holdout members of the CEA were pressured to

66. CGE Archive, "CEA: Actas Comisión Directiva," Año I, no. 2, Acta 107 (October 26, 1951): 134–36.

67. CGE, "El proceso de creación de la Confederación General Económica: Siete años intensos, 1946–1953," 41–43.

68. CGE Archive, "Libro de Actas de Comisión Directiva," Acta no. 2 (January 20, 1953): 3; *ibid.*, Acta no. 10 (November 17, 1953): 29.

join the new organization, and by late 1952, the CEA had, for all practical purposes, ceased to exist.⁶⁹

The CGE's formation had not been strictly Perón's handiwork. The mobilization of provincial businessmen between 1946 and 1950 had occurred independently of any Perón initiative and, in fact, was initially against his wishes. The 1943–46 military government and especially Perón's economic policies had exacerbated longstanding problems for provincial business and helped to mobilize them in opposition. But once Perón was in power, the new government seemed to offer interesting, if unexpected, possibilities. Moreover, between 1946 and 1951, Peronist economic policies had created new provincial interests, had established a new class of small industrialists, and had made farmers out of former sharecroppers and retail owners out of former shop clerks. These people demanded a representation that invoked the strong federalist sentiments so powerful in the provinces. Indeed, the CAPIC members had responded to Perón's initiative with more enthusiasm than he had ever expected, organizing "economic federations" at the grass-roots level throughout the interior to elect members that together would choose the CGE national leadership. In the process, they disrupted the balance of power within the country's capitalist classes. Henceforth, though Buenos Aires capitalist groups retained preponderant economic power, political power now rested in the hands of the businessmen of the provinces in the form of the CGE. In a complex relationship with the country's dominant political movement, Peronism, the CGE's *bolicheros* would be a particularly important force in the Peronist movement. In the still unresolved debates on the origins of Peronism, their mobilizations between 1946 and 1951, virtually ignored in the historiography, should be taken into account, as part of a still inchoate "national bourgeoisie" eventually allied with Perón.⁷⁰

69. CEA president, Alfredo Rosso, was forced to resign his post, a move that caused him to lambast "infiltrados dentro del gremialismo patronal." CGE archive, "CEA: Actas Comisión Directiva," Año 1, no. 2, Acta III (November 13, 1952): 153–58. Resistance to the restructuring and the imminent loss of influence to the small businessmen of the interior rings out in the CEA's internal debates.

70. One of the few scholars to suggest the possible complexity of the support of a national bourgeoisie for Perón's project was Alberto Ciria in his short but insightful *Perón y el justicialismo*. Ciria generally adhered to Cúneo's positions on the weakness of industrialist support for Perón. He recognized the importance of the Miranda-Largomarsino faction and of some "new industrialists" that emerged during the Peronist government but held out the need for future research: "It is still to be proven empirically whether the 'national bourgeoisie' is something more than a verbal disguise that encompasses many situations difficult to compare among themselves, though we understand why some scholars seek to reify Peronism as a nationalist bourgeois revolution supported by the working class" (57).

THREE

PERONIST ECONOMIC AND INDUSTRIAL POLICY, 1944-55

Historical scholarship has characterized Peronism as nationalist, *dirigiste*, industrializing and has attributed to it a number of features intrinsic to populism. Nevertheless, from its origins, Peronism sought to construct its own totalizing conception of the nation, in accordance with its social and political “doctrine.” This vocation can be seen in the speeches and official publications during its first years in power. Perón alluded repeatedly to “the solid principles of Justicialist doctrine,” which offered “an Argentine solution for all of humanity’s problems.”¹ Paradoxically, that doctrine took its clearest shape after 1949, when Argentina’s economic crisis reversed the exceptional conditions that had allowed the implementation of the initial Peronist economic policy, which would be considerably modified in many of its aspects.

In the Peronist project, encapsulated in its slogan of an “organized community,” albeit one never very explicitly defined, the economy was subordinated to a political logic that sought to avoid class struggle, promoting social justice through state intervention. The banners of “social justice,” which Peronism raised, were the common patrimony in the public discourse of a wide array of intellectuals, many of them gathered around Alejandro Bunge and the *Revista de Economía Argentina*, clearly concerned about the social conflicts arising from a rapid industrial growth without a comparable improvement

1. Juan Perón, prologue to *Teoría económica del ahorro*.

in the distribution of income. There were also some business leaders with ties to the Unión Industrial Argentina and some military officers who saw in the misery of many workers a threat to social peace, national security, and the source of unrest. Under Peronism, the search for social peace influenced and established constraints on economic policy, placing limits on foreign capital and labor conflict. A so-called third position championed a rejection of both a market and a command economy, in pursuit of an economic system in which capital served the interests of society. Within the framework of these ideas, which, as noted, were becoming more clearly delineated over time as power was wielded, salary increases for workers were understood as an essential condition to avoid a potential crisis following World War II. Trade restrictions during the conflict had permitted the growth of domestic industry through import substitution, and the redistribution of income to industrial workers was at the outset one of the guiding principles of Peronist economic policy. This policy initially found a convenient justification in theories of underconsumption that tried to explain economic crises by arguing that the declining share of wages in the national economy produced a cyclical drop in consumption by the popular sectors, an inability on their part for demand to meet supply. In these circumstances, recession and economic stagnation were inevitable. The production of goods was not carefully regulated, and such goods were, in principle, in oversupply, while purchasing power tended to descend to subsistence levels.² The simplicity of such formulations, which circulated with the Consejo Nacional de Posguerra established in 1944, offered Perón a compelling political message and, at the same time, permitted him to develop a theory critical of capitalism and therefore to differentiate his ideas from that system.³

Peronism's economic and industrial policies were to a great extent subordinated to its policies on wages and income redistribution as revealed in the history of the banks and finance in these years. The financial system was in fact the nexus that permitted the government to promote the interests of different economic actors in a wide variety of settings and to subordinate the national economy to its dictates. In the months before Perón's

2. By this theory, developed and disseminated in the mid-nineteenth century, the cause of economic crisis was excess savings, which could create great discrepancies between supply and demand with wages that went neither into consumption nor investment, an idea the very opposite of Say's law. The theories of John Maynard Keynes gave credence to such ideas, with some qualifications, since they identified the origin of the problem not in savings but in the lack of investment, elaborating a comprehensive explanation of the role of "effective demand"—resulting in the propensity to consume and autonomous investment—in the economic cycle.

3. Villarruel, "El estado, las clases sociales y la política de ingresos en el gobierno peronista, 1945-1955," 387.

assumption of power, Perón's inner circle oversaw a broad and original financial reform that had very few precursors at the international level. The intention to promote the industrial sector or at least guarantee its survival following the end of the war was a priority of economic policy makers. The problem could be traced to the end of the 1930s but was especially apparent during the war years. First the so-called Plan Pinedo and then a series of bills and laws gave priority to the scarcity of credit for industry's investment projects. These diverse attempts, which combined the power of the Central Bank with those of the private banks, clashed with the more nationalist and proindustrial positions that were brandished and then adopted at the time of the 1943 military coup. Ideas of public credit for industry finally took shape in the form of the Banco de Credito Industrial Argentina (Banco Industrial) in April 1944, a public entity assigned the specific responsibility for granting long- and short-term loans to industrial firms to finance their investments. But the Banco Industrial's reserves were too small to fulfill this role of a true financier of industry, and soon it was empowered to accept deposits and to realize operations similar to those of the other commercial banks. Even with this concession, the bank encountered major obstacles to carry out a full role as a development bank. When political circumstances changed, especially after the events of October 17, 1945, which ultimately brought Perón to power, businessman Miguel Miranda, president of the bank, criticized the directors of the Central Bank for not encouraging economic development through a greater access to credit on the part of industrialists. Following Perón's assumption of power, together with Miranda and Orlando Maroglio, a group of functionaries from the Banco de la Nacion and the Banco Industrial, in addition to business and labor representatives entered the Central Bank.⁴

The ideas that these new authorities brandished were rooted in the restrictions suffered in previous years from the offices of the Central Bank. The March 1946 decree that nationalized the Central Bank emphasized precisely that monetary policy "could not be designed according to norms that were separate and different from those inspired by the state's economic policy." The problems occasioned by the war demanded a greater intervention and centralization of the decision-making power in economic and

4. Juan Carlos Martiarena characterizes the Central Bank's new director, Dr. Andres Cuadrado, as someone "who knew how to take the babblings and blunders of Miranda and Maroglio, giving them substance in impeccable prose in the decree on the nationalization of bank deposits as well as other decrees that were passed simultaneously and overnight served to put in motion the great economic and financial adventure of the Nueva Argentina." Banco Central de la Republica Argentina, *Testimonio de Juan Carlos Martiarena*, Buenos Aires, 30.

monetary policy matters. But these broader powers could not be entrusted to a *sui generis* mixed private-public entity, as the Central Bank had been until that point, whose decisions could influence the private interests of the banks that contributed capital to that institution.⁵ The change was broadened with the establishment of a central bank system and the nationalization of the bank and bank deposits.⁶ The goal was to direct the financial system toward the support of industrialization and to achieve a high level of employment. Henceforth, there was no connection between the deposits made by the public in the banking system and the total amount of credit that could be granted; the role of creating money, until then shared between the private banking system and the Central Bank, was reserved strictly to the latter institution, which directly determined the money supply.⁷

The theoretical justification for these measures was never explicitly presented. The previous experience of the functionaries now placed in charge of the Central Bank and the search for industrialization “at any cost” apparently greatly influenced a measure of this magnitude. That would also explain the great improvisation the moment the decision was made. John William Cooke, a lawyer, who was exaggeratedly called a “specialist” in economic affairs by fellow Peronist congressmen, was charged with informing the Congress about the changes in the Central Bank. A functionary of the Central Bank, Juan Martiarena, who served as a broker between the bank and the Congress recounts that Cooke brought Miranda before a small group of legislators to explain the essence of the new banking system. Miranda was reputed to have offered some “disjointed” comments, and then to demonstrate how he had envisioned the banking system said, “For example, I pay for the harvest. The farmers receive money that they don’t put under the mattress but deposit in the Central Bank. Then the money comes back to me in the Bank. So then, how much does the harvest cost me? Zero! (responding, said the functionary, with a sly wink and forming a zero with his thumb and index finger of his right hand).”⁸ Unquestionably,

5. Banco Central de la Republica Argentina, *Memoria Anual*, 1946, 17.

6. “Régimen bancario: su reforma. Exposición de motivos,” *Boletín del Ministerio de Hacienda de la Nación*, no. 6, Buenos Aires, 1947.

7. The Central Bank was supposed to maintain a sufficient reserve to ensure the value of the peso in gold or equivalent currencies at a minimum of 25 percent of the money in circulation.

8. Banco Central de la Republica Argentina, *Testimonio de Juan Carlos Martiarena*, Buenos Aires, 34. A similar situation occurred when Cooke tried to find out how precisely the Five-Year Plan would be financed since it was not clearly spelled out in the bill proposing the plan. Cooke was worried, given that the congressional debate was approaching and he was going to be one of the bill’s sponsors. In the meeting in the presidential residence, Miranda finally said to him, “Look, Dr. Cooke, don’t get excited about this matter. . . . With what we are going to receive from the *Caja de Jubilaciones* over the next five years, it is going to be enough for three five-year plans” (35).

Martiarena's testimony contains a strong dose of anti-Peronist sentiment, but it is no less true that improvisation and "shooting from the hip" also occupied an important place in the economic decisions during the first phase of Peronist government.

The Instituto Argentino para la Promoción del Intercambio (IAPI) was another of the more important institutions affected by the reform in the country's financial system and a product of the same diagnosis and prescription for the country's economic situation. The IAPI had the exclusive right to manage almost all of the country's exports and imports. The Peronist government used it to buy at a fixed price the country's agricultural exports and to resell them at international prices, which, in the context of the immediate postwar period, were exceptionally high. With this mechanism it managed to redistribute income in favor of industry, financing the importation of capital goods. With the state monopoly on trade outside the government's normal operating budget, export earnings could be channeled toward those activities that the government considered priorities without greater restrictions.⁹ IAPI's creation had resulted from extensive studies undertaken with the certainty that a period would follow after the war characterized by a critical shortage in the world of certain products, especially foodstuffs and primary materials, which, given the high prices that were being obtained, would permit the acquisition of reserves for the crisis that was believed to be approaching.

In the debates regarding the financial reform in the Congress, Peronist congressman Klix López was entrusted with defending IAPI's role. López employed the nationalist discursive arsenal. "It is an urgent priority," said the congressman, "that we free ourselves from the old shackles of economic liberalism that in its exaggerated individualism places in unequal conditions the weak against the strong; in other words, one that prevents a rational distribution of wealth and true social justice."¹⁰ He also based such concepts

9. This was seen with clearly by the opposition congressman Peña Guzmán: "We can summarize [the reform] in three [measures]: nationalization of the Central Bank, the new banking law with the transfer of deposits, and IAPI. Different justifications for these measures have been given. For the nationalization it has been put forward as necessary for the financial sovereignty of the country; for the transfer of bank deposits, the state's guarantee of the account holders' money; and for the IAPI, the justification was the promotion of exports and the development of industry. But all this is no more than a smoke screen. There do not exist different reasons, only one: the consolidation of all bank credit in the hands of the executive branch to be used at its own discretion." "Diario de Sesiones," Cámara de Diputados de la Nación (DSHCDN), December 4, 1946.

10. According to Klix López, "it was necessary to take advantage of the accumulated experience in trade matters and create reserves which can be categorized as anti-cyclical, through which in moments when grains bring a high price, the government becomes an exporter, reserving windfall profits for itself in order to create the anti-cyclical fund, the stabilization fund, that would permit, without great

on the anticyclical ideas of the underconsumption theories that circulated in official circles since 1944. IAPI's actions permitted the transfer of huge resources to the industrial sector but, by setting prices low for rural producers, discouraged agricultural production. Land was largely devoted to livestock, and between 1946 and 1949, total farming-livestock production declined 17 percent. Another negative consequence of IAPI's activities concerned the industrial sector. Because of the commercial agreements that Argentina signed with countries that purchased its agricultural exports, imports were not always the most suitable for the necessities of manufacturers and many times served only to balance trade figures.¹¹

The Instituto Mixto de Inversiones Mobiliarias (IMIM) was the final institution created within the central bank system through which the Peronist government sought to foment industrialization by way of the consolidation of a long-term capital market for industrial investments. This entity was created in response to the demand of the Buenos Aires Bolsa de Comercio in mid-1947, when, following a relative boom, the value of industrial stocks fell because of the low profitability of the textile industry brought on by rising costs due to wage increases. The new IMIM was empowered to undertake every kind of activity in property securities independently and on behalf of others and to grant loans to mixed public-private or strictly private companies in exchange for stock shares, among other financial operations it was authorized to conduct.¹² The IMIM's activities allowed it to avoid market fluctuations and to encourage and protect investors in support of industrial activities, the promotion of which constituted one of the government's main objectives. Until late 1948, stock prices rose steadily, and there was a

efforts, the government to surmount the unavoidable downturn in the business cycle. These are known principles to be found in any textbook on economic policy. In this we are not inventing anything. What we desire is to avoid the catastrophe that disorganization and anarchy represent in matters of finance. We do not claim we have invented the wheel. . . . The policy in this sense that the present government is following is simple and does not lend itself to misunderstandings: to take advantage of the moments of prosperity and establish reserves with which we can overcome moments of economic depression." DSHCDN, December 4, 1946.

11. Di Tella and Zymelman, *Las etapas del desarrollo económico argentino*, 502–3.

12. There are no precedents for an institution with these characteristics, with the exception of Italy's Instituto Mobiliare Italiani (IMI), established at a very particular moment in that country and with similar powers later transferred to the better-known IRI. According to the editor of *Camoatí*, a magazine specializing in stock market issues, the intellectual mentor of the new entity was Orlando Maroglio, who Miranda had designated president of the Central Bank upon assuming direction of the Consejo Económico Nacional. Maroglio noted, "One of the reasons for the creation of the Instituto was precisely to facilitate for new companies or those in the process of being established, the solution of their financial problems, saving them from having to resort to the burdensome intervention of private banks . . . adhering to a primary objective of the banking reform: to foment industry." IMIM, *Libro de Actas de Directorio*, no., 1, Acta no. 20, July 19, 1948.

partially established source of long-term investment capital for industrial firms until the economic crisis of 1949 drastically reduced this possibility.¹³

Collectively, these measures were intended to encourage a rapid industrial development through an increase in the availability of credit and access to industrial inputs and capital goods the manufacturing sector needs. Nominal interest rates, in particular the differential interest rates established by the Central Bank for those industrial activities it sought to promote, turned out to be lower than the rate of inflation experienced in these years, thereby serving as an indirect subsidy for borrowers since the real value of their obligations tended to decline over time. This constituted a significant benefit for industrialists and allowed them to compensate for the fall in profitability resulting from salary increases. Until 1949, the rate of growth in the money supply that all these measures caused easily surpassed the increases in gross domestic product and the inflation rate, thereby creating a real increase in industry's balance sheets. Conversely, a negative characteristic was the growing breach between the amount of loans and the number of bank deposits in the financial system, which were discouraged by the negative interest rates.

Finance measures were complemented with other more strictly industrial measures, though they were ultimately subject to the general conditions established by financial reforms. In June 1944, the military government had established the Secretariat of Industry and Commerce in response to the president to address the problems industry would experience with the end of the war. The first program of industrial promotion for industries of "national interest"—those that produced for the internal market and used domestic primary materials or were "strategic" for national defense—was also established in that month. The program envisioned adopting additional tariffs, import quotas, tax exemptions, and preferential exchange rates for acquiring primary materials and capital goods. Business interests wanting to obtain these benefits had to submit a formal request to the Secretariat who made the final determination after consulting the military, and such sectors as importing, and consumer groups that could be affected by the outcome.

With Peronism in power, the First Five-Year Plan established the promotion of domestic industry, especially in cotton textiles and in metalworking, which had expanded during the war and, it was thought, could be affected by the recovery in imports. Also foreseen was a promotion in new import substitution industries that required basic inputs, or those with some export

13. See Rougier, "El Instituto Mixto de Inversiones Mobiliarias y la crisis bursátil de 1949," 124–26.

potential, such as woolen textiles and vegetable oils. Of the some thirty bills composing the First Five-Year Plan, only two referred strictly to industry. The first was a promotion law for manufacturing that proposed a plan of industrialization driven by public investments. According to this plan, the state would encourage the establishment of public or mixed public-private companies to exploit the country's mineral resources and to "organize" the production of primary agricultural materials and embark on the first phase of the widespread use of semi-industrial crops. The second bill dealt with tariff reform and conferred on the executive broad powers to change tariff rates. Such a bill envisioned the control of imports by granting permits, fixed quotas, and preferential exchange rates, all under the authority of the Central Bank.¹⁴ These measures benefited the manufacturing sector but were complemented by others that industrialists received with suspicion. After World War II, the state expanded its direct presence in the economy in a broad array of sectors beyond the traditional areas of transportation and finance. This expansion was directed essentially at industrial activities and led some analysts to see an emerging "mixed economy" and even "state capitalism" in Argentina because of the significant role that public companies had acquired in the supply, demand, and investment and by the large size of some of these companies in strategic sectors.¹⁵

The advance of an "industrial state" in the early 1940s was the beginning of an industrial mind-set applied to the logic of military strategic thinking when the war hindered normal defense provisioning. The creation of the *Dirección General de Fabricaciones Militares* and the establishment of the *Altos Hornos Zapala* ironworks were part of this process, contemporary with the industrial impetus that gradually replaced the importation of numerous industrial products. *Fabricaciones Militares* drafted a plan of industrial expansion that involved factories producing war material and a series of mixed public-private companies that would also stimulate strictly private firms. A special priority consisted of the establishment of an integrated steel mill through a mixed company (SOMISA) that acquired legal sanction in 1947. The objective was to offer a solid foundation for the laminated sheet metal production that had grown during the war years. Nevertheless,

14. See Belini, "Estado y política industrial durante el primer peronismo," 76–79, 85. The First Five-Year Plan had only two strictly industrial bills since industry in Perón's first administration was being strongly promoted through the government's income and financial policies. The Second Five-Year Plan would have more explicit proindustrial provisions.

15. On the importance of public companies in Argentina in these years, see, among others, Altimir, Santamaría, and Sourrouille, "Los instrumentos de promoción industrial en la posguerra."

the project was delayed, in part, because of the difficulties in obtaining the needed technology due to the restrictions imposed by the United States for these kinds of capital goods and, in part, also due to the opposition of Miguel Miranda, who, as head of the Central Bank, controlled the IAPI and the importation of the cheap inputs that the laminating industries demanded. The government favored this sector through controlling imports and granting preferential exchange rates for acquiring machinery and primary inputs, as well as that of favorable short-term and long-term credit through the financial system. As a result, at least in the first years of Perón's government, the state did not award the capital necessary to develop the SOMISA project.

In 1947, the state created an important public holding company controlled by the Secretariat of Industry, the Dirección Nacional de Industrias del Estado (DINIE). This entity included some thirty chemical, pharmaceutical, electronic, and construction firms, the majority of German origin, that had been impounded and confiscated by the government when Argentina belatedly declared war on the Axis in 1945. But the DINIE only slowly took shape and defined its objectives over the course of the next two years, meaning that in 1949, when the economic crisis erupted, there were no more the companies under direct state control.¹⁶

In summary, multiple and varied instruments were designed to promote manufacturing and to guarantee full employment during the first years of the Peronist government. The evolution of the general macroeconomic variables and of industry in particular reveal that this strategy was initially successful. The gross domestic product increased and manufacturing activities grew at an even faster rate while the importation of inputs and capital goods accompanied this expansion. Nevertheless, the bonanza years, despite in great measure defining that which came to be identified as "Peronist economic policy," were extremely fleeting. The dark clouds visible both internationally and domestically appeared in the final months of 1948, barely a little more than two years after Perón assumed power.

The zenith of the "classic model" of Peronist economic policy was brief because problems soon emerged in the balance of trade and in the inflation unleashed by it, providing the background for the economic instability of the subsequent course in economic policy. This was the first cyclical crisis and would occur later in the Argentine economy, repeatedly, in what were

16. Belini, "D.I.N.I.E. y los límites de la política industrial peronista, 1947–1955".

called “stop and go” cycles.¹⁷ As early as late 1948, the favorable conditions for placing the country’s traditional exports in foreign markets had abruptly changed. The appearance of negative trade balances caused by the fall in international prices and greatly increased imports for industry stymied the system of transferring income earned from agriculture to urban groups, which the government had successfully implemented in its first years in power. These circumstances questioned the development strategy, but the most acute problems delayed long-range planning in favor of short-term measures to recover export earnings. Moreover, a new problem was added to setbacks in foreign trade. The behavior of prices had ceased to stay in tune with the general international tendency in the postwar period, which was explained by the workings of the domestic economy. Strictly speaking, the inflationary process and the crisis in the export sector indicated that the balmy days of the Peronist government’s first years had come to an end and that it was necessary to proceed with a change in course that would affect both production and consumption.

The causes of inflation were both complicated and varied, but of particular importance were the monetary effects of the 1946 financial reform. First, as noted, from the establishment of the central bank system the increase in bank credits was always greater than the growth of savings as reflected in bank accounts, which implied an expansion of the monetary supply with inflationary tendencies. Nevertheless, the monetary theory by which increases of this nature in the money supply in the long run led to inflation was not part of the thinking of members of the government responsible for economic policy. Rather, there prevailed a kind of qualitative theory of money influenced by Keynesian ideas according to which monetary expansion, provided it was carefully administered, occasioned more economic growth than price increases and that the former stayed ahead of the latter negating its effects. Second, to the increase in loans to sustain industrial growth was added the need to cover the state’s fiscal deficits. During the three-year period from 1946 through 1948, the government had proceeded

17. The underlying theory of the “stop-and-go” model assumed that in the economy’s expansionary phase that imports (inputs and capital goods such as machinery that the industrial sector demanded) grew and that these required an influx of foreign exchange greater than those created by trade surpluses (some of which were lost to domestic consumption), thereby creating conditions that force a devaluation of the national currency, a measure that ineluctably led to recession. Devaluation and the rise in the value of foreign exchange were transferred to prices, and real wages became depressed, the same as domestic consumption. The slump in internal demand increased the surplus available for export and reduced imports, which permitted closing the breach in the current accounts in the balance of payments and recreating conditions for a new expansionary phase. See Ferrer, “Desarrollo industrial y sector externo”; and Braun and Joy, “A Model of Economic Stagnation,” 868–87.

with a deliberate widening in the methods of repayment to maintain the monetary liquidity for industry and government expenses without the Central Bank applying policies demanding strict deadlines and norms for maintaining reserves.

The government judged inflation to be a temporary problem, the result of a lack of goods to meet demand caused by the effects of war and its legacies. From the official point of view, rising inflation would be solved with success in the government's adopted industrial policies. In 1947, Miguel Miranda, president of the Consejo Económico Nacional, expressed such sentiments in the following manner: "What we are doing at a frenetic pace in these moments is the first phase; we are acquiring and installing capital goods, which provides employment, though they do not yet produce other goods or profits. This creates, as one might expect, a desire to consume on the part of the general population which cannot yet be satisfied because consumer goods are still in short supply. But as soon as our industry begins to produce there will be a new wave of consumer goods in the market and the principal cause for the current rise in prices will disappear."¹⁸ This proposition drew inspiration from Keynesian principles by considering that excess demand was not due to excessive monetary expansion but was due to a process of large-scale investments that still had not matured.

Nonetheless, once annual inflation reached 30 percent, as it did in late 1948, the government began to introduce measures that hinted at its concern about the accelerating pace of price increases. The changes' immediate objectives were decreasing the money in circulation, a more rational distribution of the labor force, and a reduction in the government deficit. As a corollary, the government applied greater restrictions on imports to attenuate problems beginning to appear in international trade. Although it was obvious the importance assigned to the repayment procedures as a cause of inflation, for the government, the crucial issue was the "overheating of the economy" demonstrated in labor shortages. To remedy the situation, the government proposed certain measures intended to establish a better, more rational, distribution of the labor force and to impose restrictions on granting new loans that implied great pressures on the labor market in terms of employment. A rationalization of the public sector and tighter control on spending were also attempted.

Finally, the Central Bank decided to suspend loans that it considered "speculative," those that had as their purpose the purchase of real estate or

18. Miguel Miranda, "Cómo se dirigió nuestra economía y se retrasó el progreso industrial del país," 47.

goods not directly related to production. Tighter restrictions were also established, and the amount of loans was reduced to finance the creation of new companies, because many businesses that took advantage of negative real interest rates had requested loans without any intention of investing for increased production; some capital ended up, in the best cases, being used for consumption, which only increased inflationary pressures. To strengthen the effects of tighter credit and the subsequent reduction in the rate of growth in the money supply, the government decided to raise minimum interest rates.

The attempts at change in economic and monetary policy were contemporary with Miranda's exit from the government and the designation of Alfredo Gómez Morales as head of the Central Bank and newly created Ministry of Finance. This change made visible the Peronist government's intent that monetary policy would again have among its fundamental objectives price stability. Between 1949 and 1952, the money supply would grow at a rate considerably below inflation and the rate of growth of the gross domestic product, which implied a real reduction in the amount of money in circulation, something that affected the liquidity of industrialists. Also, in the new minister's opinion, the measures adopted in credit policy were designed to achieve a rationalization in the country's industrial structure, given that it "tended to visibly facilitate and protect all useful development of our industrialization process, ultimately threatened by superfluous activities which constituted true economic deformities which generally accompany any process of economic expansion. . . . In that way the government has the propensity to protect viable and socially beneficial industry, freeing itself from a baleful indiscriminate distribution of credit and of unhealthy competition in the internal market of those activities which compete for the work force, primary materials, and the buying power of the consumer without an economic or social purpose that justifies it."¹⁹ At this same time, a public discourse began that sought to encourage the population to save more, as an alternative to dampening popular demand for goods.

With these declarations in hand, in September 1949, a Central Bank circular clarified that the limitations and restrictions on all loans not destined for the production of goods and services and not considered useful and necessary would be maintained in a strict manner. The following month the Consejo Economico Nacional set the conditions that industries would have to meet to be of "national interest" and to gain access to credit. These

19. Alfredo Gómez Morales, reproduced in Banco de Crédito Industrial, *Memoria y balance anual*, 1949, 12.

conditions were sufficiently broad as to indicate that the demands in late 1949 for greater flexibility from industrialists had been heard by the government. At any rate, it is no less true that the expansion in credit began to slow down.

For the government, the restrictive measures had been successful. Nonetheless, the reality said otherwise. Inflation picked up its pace in 1949 because the restrictions on credit were only partially fulfilled and in a very selective fashion for the industrial sector. Moreover, the necessity of reactivating agriculture led to a change in the distribution of credits granted to various sectors. Therefore, between 1949 and 1950, loans to agriculture increased some 180 percent while, for the same period, those received by industry rose only 93 percent. In 1949, the one obstacle was removed that would have made possible the development of a monetary policy absolutely independent of political pressures by eliminating the last vestige of convertibility: that clause that required the Central Bank to back at least 25 percent of the money supply with foreign reserves.

These measures throw into relief the desultory and selective nature of the restrictive measures undertaken. With regard to credit, the generous policy displayed previously could not be easily discarded, unless the government accepted a confrontation with business, with both industry and agriculture, a cost that the government was not disposed to accept, even when it was able to. Until September 1949, the restrictive policy established in late 1948 was adhered to. After that date, the norms became more flexible, and the government extended the list of authorized “rediscounts”—the lines of credit granted by the Central Bank to the country’s banks; loans earmarked to satisfy demands from the business sector, especially from agriculture, commerce, public service companies, and seasonal demands for the production and distribution of goods; and even salaries.²⁰ Credit restrictions were maintained only for activities regarded as speculative, extravagant, or expendable.²¹ In 1950, an improvement in international prices in primary materials persuaded the government not to deepen the restrictive measures. Nonetheless, the following year that panorama worsened, inflation surpassed wage increases, and a severe drought reduced the harvest to unprecedented levels, while the trade deficit returned with a vengeance.

20. The Banco Industrial, for example, granted significant sums to the Corporación de Transportes de la Ciudad de Buenos Aires, the Compañía Argentina de Electricidad and to the meatpacking firms to pay wages and the obligatory annual bonuses (*aguinaldo*), Banco de Crédito Industrial Argentino, *Libros de Actas del Directorio*, nos. 34–37, Actas, 366–75, 427.

21. See Rougier, *La política crediticia del Banco Industrial durante el primer peronismo, 1944–1955*.

In summary, the attempts at stabilization and the policies that accompanied the reorientation of the government's economic team went no further than a feeble monetary restriction that quickly resumed its expansionary pace. Together with the greater availability of credit for agricultural producers, the government devalued the peso in 1949 to foment traditional exports. The slight improvement in the economic variables in 1950 and the recovery of positive trade balances discouraged more radical, unpopular measures. However, in 1951, the balance of trade again turned negative, and inflation amply doubled compared with the previous year. The dreadful harvest in early 1952 revealed the futility of continuing to "manage the crisis." Moreover, the recent presidential elections had already given the government a victory, and it was now possible to proceed with an austerity plan that the economy required without greater political costs, at least in the short term.

The 1952 Stabilization Plan and a more decided *vuelta al campo* from then on was to contrast sharply with the initial policies of monetary expansion and the transfer of income to urban sectors. The plan was devised with the objective of resolving the two economic problems regarded as crucial: the external bottleneck occasioning a lack of foreign exchange and the sustained rise in prices, the result of increased wages and the expansionary economic program. The contraction in the money supply was much harsher, and fiscal policies drifted away from Keynesian prescriptions, becoming clearly restrictive. The contraction in expenditures was concentrated in capital spending, since running expenditures associated with the growth in public sector jobs were functional to the government's overriding objectives. Wages were also frozen for two years to ease the pressures on prices and to dampen consumer demand in order to encourage greater surpluses for export. The austerity plan was successful in the short term, and the price increases declined drastically from 1953—the year that the balance of trade turned favorable—onward.

With the most urgent demands of the economy met, long-term outlines of the new economic policy began to take shape. The objective was to recapture growth and reestablish foreign trade with a renewed strategy. The possibility (already experimented with) of encouraging traditional exports was deepened.²² On the one hand, IAPI withdrew its intervention in the marketing of some products, improving prices paid to agricultural producers, to encourage the latter to increase the amount of land under

22. Also, beginning in 1952, special exchange rates were granted for encouraging the export of cotton textiles, chemical products, and electrical home appliances, though the export of industrial goods during this period was not significant.

cultivation. This policy led to IAPI suffering huge losses that were only offset by huge loans from public sources. On the other hand, a greater supply of agricultural commodities was supposed to result from increased productivity through the incorporation of agricultural machinery. A series of early measures provided for assigning foreign exchange to agriculture, complemented by some international commercial agreements to purchase such machinery. In this way, government policy encouraged the introduction of such technology, though the strategy put pressure on scarce foreign exchange. Already in late 1951, an ambitious program had been undertaken to increase domestic production of all kinds of planting and harvesting machinery by granting import licenses for inputs and long-term loans to the about one hundred agricultural machinery manufacturing establishments for plant expansion. Finally, economic policy also encouraged the investment of foreign capital, especially in tractor production. This initiative would bear fruit in 1954–55 with the agreements signed with Fiat to establish operations in Córdoba.

Regardless of the greater dynamism that the government sought to inject into agricultural production, the government also promoted the development of a capital goods and heavy industry as a way of overcoming the dilemma of the bottlenecks in foreign trade. The idea of creating backward linkages for industry, producing its own machinery and inputs, was the logical consequence of the scarcity of foreign exchange rather than the fulfilling of the initial objectives of Peronist industrial policy. However, this strategy brought with it a problem difficult to solve: the more complex industries were also capital intensive. Confronted with the impossibility with developing industry through the earnings generated by agricultural exports and by public credit, whose inflationary effects had taken their toll, encouraging savings appeared as a singularly attractive alternative and the former slogan of “combating capital” ceased to be used in official circles. Thus Perón expressed it in 1952, “We are in no way enemies of capital and will be seen in the future that we have been its true defenders. It is necessary to distinguish clearly between the international capitalism of the great trusts of foreign exploitation and what is the capital of the national patrimony of industry and commerce. We defend the latter and attack without mercy the former. International capital is cold and inhuman . . . it is an instrument of exploitation while national capital is the source of well being.”²³

23. Speech of Juan Perón, May 1, 1952, quoted in Rougier and Fiszbein, *La frustración de un proyecto económico*, 49.

This idea was reaffirmed with the goal of withdrawing state participation in industry and seeking to eliminate the “statist” image that Peronism had earned with the policy of nationalizations during Perón’s first administration. In these circumstances, the economic motto of the moment was greater production, austerity in consumption, and increased savings. The full concept of a “third position” in the economy resided in some slight variations: “The communist economic system squeezes popular consumption in order to capitalize the state. The capitalist economic system holds back wages to the verge of hunger and misery in order to capitalize a small number of great financial consortiums. The Justicialist economic system wants fair wages, wants the people to consume all it needs to live well, but also wants every family to save a little bit so that every Argentine family has some money in the bank.”²⁴

Deviation from the early economic policy encountered some support in the monetary theories of overcapitalization, whose models of the economic cycle offered a framework of analysis more appropriate for explaining the Argentine crisis of 1949–52 than the theories of underconsumption, formerly prized by Peronist ideologues. The introduction of these theories as a hypothesis for interpreting the crisis was the work of Pedro Bonnani in 1953 and constituted a veiled criticism of the spendthrift policies and principles of the early years of Peronist rule. According to these theories developed some time previously by Knut Wicksell, Eric Lindahl, and others, the exhaustion of the expansive stages in economic growth stemmed from the excessive investment in capital goods, fomented by a too lax monetary and credit policy.²⁵ Capital formation above the real possibilities of finance, dictated by savings levels, inevitably derived from critical situations characterized by the scarcity of consumer goods. To the extent new investments were not accompanied by increased savings, the process of capitalization had no real backing and sooner or later positive tendencies in the economy would reverse. The cheap money supplied by the financial system would turn into inflationary money, wages that could not keep pace with prices. Ultimately, an increase in interest rates and restrictions on credit would appear as the only way out of the inflationary spiral. In that process, inflation had a special significance since it would loom as the characteristic symptom of the exhaustion of the phase of economic expansion at the same time it served as an adjustment mechanism through which the weight of the capitalization process would fall on the shoulders of consumers.

24. Juan Perón, cited in Cereijo, *Sentido y alcance del Plan Económico para 1952* 25.

25. On this, see Rougier and Fiszbein, “De don Dorrochín a maese Ahorrín.”

Even though the 1949–52 crisis was dominated by the dynamic of the export sector, and overinvestment in capital goods was not a feature of the economy during the first Peronist administration, the thesis regarding the scarcity of consumer goods and the counterproductive effects of excessive monetary emission indeed seemed to have merit as an explanation of the crisis. This thesis well suited the new economic team of Alfredo Gómez Morales, Miguel Revestido, and Pedro Bonnani, who, as heads of the ministries of economy, finance, and treasury, respectively, carried forward an austerity economic plan in the 1950s.

Their measures were intended to stimulate and look for the best possible way to channel domestic savings. The Caja Nacional de Ahorro Postal and the stock market were the favored arenas for this task. Vigorous publicity campaigns and the improvement of interest rates, even though with inflation, interest rates continued in real terms to be negative, caused an increase in the deposits in the Caja de Ahorro, though not in the entirety of the financial system. For its part, although the stock market experienced an important recovery beginning in 1953 and made possible the emission of new industrial stocks, the possibility of generating savings sufficient to satisfy the financial needs of the industrial sectors had precise limits. Moreover, independent of the benefits to be derived from encouraging domestic savings, the fundamental problem resided in the difficulties of getting the capital necessary to import machinery and equipment. These conditions make the decision to entice foreign investment and a vital necessity to continue to make viable the industrialization process and indeed to guarantee long-term economic growth more understandable.

The scarcity of foreign exchange made it impossible to carry out the government's delayed industrial programs, now ones with even greater needs because of the push for capital-intensive industries. The DINIE's projects to manufacture alcohol hydrate, soda solvate, and aluminum could not be realized. In many cases, projects failed not only because of the difficulty in financing them but also because of the opposition of local industrialists suspicious of the emergence of state competition, as occurred with the production of caustic soda and cement. Business pressure was also the reason that the DINIE's projects to manufacture diesel engines and televisions failed.²⁶ To remove any doubts, Perón would declare at this time before the industrialists, "The State is to be there in order to help private enterprise . . . industry is a private enterprise, the State has no interest in it and as soon as the current, non-profitable state enterprises can be returned

26. Belini, "Una experiencia fallida de empresa pública industrial," 101–2.

to the private sector the State will take great pleasure in extricating itself from all these companies. . . . We are the government, not industrialists. . . . We do not want [state] industries because they create many losses and perhaps you all can make them profitable. With this we are going to be very much in agreement.²⁷

Given the crisis in the export sector and the stagnation in industrial production between 1949 and 1952, the government promoted the deepening of industrialization through the Second Five-Year Plan, whose implementation had to be postponed until 1953 because of the austerity and anti-inflationary policies adopted. The Second Five-Year Plan gave priority to the steel industry, recognized as the crux of industrial policy.²⁸ Industrialists, damaged by the difficulties of supplying themselves with inputs and capital goods, now encouraged such a plan. However, the same dilemma with the lack of capital that had affected the state's other industrial projects also hurt the possibilities of encouraging the establishment of a national steel industry. The state resumed its support for industry beginning in 1952, but only in 1954 would this amount to much, following the signing of the agreement with the Eximbank. This agreement was designed to guarantee the needed investments but in dollars, though nothing substantive ever came of the agreement because of the fall of the Peronist government the following year.²⁹

In that sense, with the law on foreign investment passed in 1953, the change in economic policy was notable since the new direction in economic policy contrasted with the early policies and was difficult to reconcile with slogans of "economic independence." The rejection of foreign capital, epitomized in the policy of nationalizing public services, was jettisoned, now that foreign capital was no longer "inhuman" if it became part of the national economy. Foreign investors were not numerous but were concentrated in activities that absorbed much of the available foreign exchange and allowed a greater integration of the metal-mechanical industry. To the already mentioned Fiat was added the investment of Kaiser at the beginning of 1955. The North American company signed an agreement with the Industrias Aeronauticas y Mecanicas del Estado, a public company created a few years earlier and devoted principally to manufacturing utility vehicles. Kaiser's

27. Juan Perón, speech of May 19, 1953, cited in Rougier and Fiszbein, *La frustración de un proyecto económico*, 50.

28. Presidencia de la Nación, *Segundo Plan Quinquennial*, 1953, 293.

29. Belini, "Política industrial e industria siderúrgica en tiempos de Perón, 1946–1955," 112.

contribution to the new IKA (Industrias Kaiser Argentina) was essentially in terms of its machinery and tools transferred from its Detroit plants; the lion's share of the fresh funds assigned to get the plants up and running came from the Banco Industrial and shares sold on the local stock market.³⁰

No theoretical unity existed, not even some shared conceptual vision underlying these economic policies. Indeed, toward the end of the Peronist government, this very eclecticism was presented as the crux of the difference between Justicialist economics and those of capitalism and communism. Thus, it was expressed in the Peronist publication *Hechos e Ideas*, which proclaimed the merits of “creating while doing,” “*Justicialismo* differs from the communist or Marxist system and from the capitalist system, the old liberalism and new liberalism, by being based not so much on theoretical or abstract postulates drawn from either of these two ideologies but, taking its cue from a particular historical moment, acquires a dynamic and humanistic character that neither capitalism nor communism has. In the concrete reality of their application, it can be said that there are no economic systems, only economic moments; and, generalizing or broadening the economic moments, only historical moments.”³¹

The new direction in economic policy was reinforced through a new economic plan in 1954. As discussed previously, the income policy designed under the 1952 Stabilization Plan had produced positive results. Nonetheless, the economic program required avoiding the wage renegotiation planned for the second half of 1954 that might stoke inflationary fires doused during the previous two years. In reality, trade union pressure had begun to be felt and a series of strikes were tilling the ground to improve real wages that had suffered a deterioration. In fact, around June, prices had begun to rise because of increased labor costs.³² Faced with the possibility of a renewed inflationary spiral, the government undertook a debate about “productivity,” which, in truth, some analysts close to the government had begun to note as necessary in late 1948. With the limited continued viability of the redistribution of incomes mechanism, which had initially been followed, increased productivity appeared as the only means to improve wages without damaging business profitability, the sine qua non of energizing investment.

The Plan de Acción para el Equilibrio Nacional of October 1954 was announced as “short term” for maintaining the “new economic stability

30. Brennan, *The Labor Wars in Córdoba*, 31; Schvarzer, *La industria que supimos conseguir*, 223; Rougier and Fiszbein, “De Don Derrochín a maese Ahorrín,” 138.

31. “Apuntes de economía peronista,” *Hechos e Ideas*, no. 124–25 (August–September 1955): 222.

32. “Soaring Prices,” *Review of the River Plate*, September 30, 1954.

achieved.”³³ From this would develop the holding of the so-called National Congress of Productivity and Social Welfare, which would take place in March 1955. But the plan not only assumed guaranteeing price stability but also a more important change in the role that the Peronist state had played until then in the economy and with a change in the economic philosophy identified with Peronism. Perón emphasized it as follows: “The economy that I can give you is an economy that is organized and implemented in a balanced fashion. The people must do the rest, businessmen, workers, and consumers. It is no longer possible that one sector of the economy benefit through an increase in its share of national income at the expense of the rest, rather that wealth be increased by increasing the number of goods to distribute.”³⁴ Unquestionably, the new guidelines in economic policy place the state again in the position of the “director” of the economy, but success depends on the “coordinated action of the people’s organized forces.”³⁵

With this supposition, the conduct to be followed by each sector was rural producers were supposed to achieve a more efficient use of land through technology and industrialists were to rationalize production and organize their firms as corporations to attract capital in the stock market necessary to invest in production. The plan went beyond the short term and demonstrated the need to find new sources of support for economic development by emphasizing domestic savings. The underlying idea was that the state should not encroach any further on the market and in particular over capital markets where state intervention had occurred during the first stage of Peronist government through the mechanisms created by the financial reform. According to the official point of view, it was the moment for the public sector to withdraw from such a prominent role, relinquishing the role of financing business and proposing that industrialists look for the resources necessary for their modernization in their own profits—which to obtain they had to increase their productivity—and in real savings.³⁶ In late

33. Presidencia de la Nación, *Puntos de vista del Gobierno y Estado Nacional para iniciar de inmediato la ejecución del Plan de Acción sobre el Equilibrio de la Economía Nacional*, Buenos Aires, Secretaría de Prensa y Difusión, 1954.

34. Juan Perón, speech of October 11, 1954, reproduced in *Crítica*, October 2, 1954.

35. This discourse already had been employed the previous year when Perón stated, “We are neither for nor against state intervention in the economy; we are realists. The one who says ‘interventionist’ does not know what he is talking about; one has to adapt to what circumstances demand. Circumstances impose their own solutions. There are no economic systems or methods, not economic laws in the current world. There are only concrete solutions to deal with concrete problems. With the problem solved perhaps an entirely different one presents itself. To this one we have to devise a solution completely different from the previous one, but not for ideological reasons, but rather for an intelligent appreciation and reflection on the concrete case.” Speech of Juan Perón January 23, 1953, cited in Cafiero, *De la economía social-justicialista al régimen liberal-capitalista*, 305.

36. Revestido, “La función del Mercado de Valores Mobiliarios.”

1954, a system of organized savings was created through the IMIM that had as an objective to entice small investors and steer them toward the stock market. In this way, savers became equal partners in productive investment, and the government proposed with it the formation of a “popular capitalism,” which, without jettisoning the “doctrinal principles” of Peronism, would permit proceeding with economic growth.³⁷ Also, the increase in domestic savings would permit compensating for the negative effects that the influx of foreign capital, considered a necessity by then, would create in the national economy.

Nonetheless, the multiple, lucid responses that the economic team gave to the structural and conjunctural problems in the economy that Argentina suffered after 1949 also provoked various tensions, principally of a political nature. It was possible to steer credit toward the agricultural sector, faced with the scarcity of foreign exchange, to increase output, but it was not possible to curtail it for the industrial sector as long as pressure for increased wages continued, nor to reduce imports without triggering a recession. It was only temporarily possible to resolve the problem of the export sector by reining in the consumption of the popular sectors, but in the long run that implied losing the government’s political base. It was possible to contain the inflationary pressures by stimulating domestic investment, but the latter was insufficient for sustaining a policy of industrial development geared now to the complex, capital-intensive base industries. It was possible to attract foreign capital to complete the industrialization project and to resolve the foreign exchange bottleneck that afflicted the Argentine economy. However, this alternative was difficult to justify politically after having raised the nationalist banner. This was demonstrated, with a vengeance, in the agreements, never passed in the Congress, with Standard Oil of California, for petroleum extraction and was to galvanize the opposition to the government and unquestionably contributed to its overthrow in September 1955. In the years following the overthrow of Perón’s regime, the discourse and political trajectory of Peronism would favor references to the early economic policy, that in which economic growth had been sustained by encouraging consumption and had showcased the slogan of “combating capital,” understood as foreign capital, and not to the period of austerity and redefinition in which the government had promoted the recovery of income for the agricultural sector, domestic savings, and foreign investments and that, in truth, characterized most of the years of the Peronist government.

37. Segre, “La evolución del Instituto Mixto de Inversiones Mobiliarias.”

FOUR

INDUSTRIAL SUPPORT FOR PERÓN THE CÁMARA ARGENTINA DE INDUSTRIAS METALÚRGICAS

The Peronist government's economic policies affected industry broadly, but their real significance only becomes clear by examining specific industrial sectors. Such a focus also reveals the complexities of Peronism's relationship to the industrial bourgeoisie. As explained in Chapter 1, industrialists' role in the origins of Peronism had been considerably more complicated than many scholars have suggested, and Torcuato Di Tella's "anti-status quo" thesis, though greatly overblown, should not be dismissed as completely mistaken. The truth appears to lie somewhere in the middle of these conflicting interpretations of entrenched opposition and wholesale support. Moreover, by failing to consider the role played by business sectors other than the industrialists and in places outside of Buenos Aires, both sides in the polemic failed to appreciate fully the social complexity of the bourgeois component in the origins of Peronism. Di Tella's thesis certainly would have been more compelling had he included provincial small businessmen in the equation. This dispute on the origins of Peronism moreover also clouds the more important issue regarding the role of industrialists in the Peronist governing alliance between 1946 and 1955.

What can generally be said is that, while Perón was in power, industrialists' support for the regime varied with how a given industry's interests were benefited or harmed by Perón's policies. In general, the largest industries, with operations concentrated in Buenos Aires, close links to foreign capital, and production for the export market, opposed Perón. The country's most

important industry, meatpacking, was almost uniformly hostile to the government's economic policies, as was the flour-milling industry.¹ But even among the newer industrial interests, there were divisions between supporters and opponents of the regime, according to how a specific industrial sector's interests were affected by Peronist economic policies. For example, the two principal metalworking trade associations were divided between the pro-Peronist light manufacturers, which produced consumer products (refrigerators, stoves, electric fans, auto parts, etc.), who benefited from the expanding consumer market, and the anti-Peronist manufacturers of heavy industrial products (machinery and equipment), who objected to the government's policy of liberally importing machinery and equipment that the consumer goods' industrialists needed.² A similar division existed in the textile industry, where the manufacturers of clothing who benefited from the expanding market but used the domestically produced wool and cotton fibers differed from the anti-Peronist textile industrialists who depended on imported fibers (silk and synthetics) and were hurt by the government's restrictions on their importation.³

Despite internal differences, the metalworking industries in general were favored during the Peronist era in two crucial areas: credit and tariff protection. Notwithstanding the rapid growth of the industry during the early war years, credit had remained scarce and difficult to obtain. This situation changed drastically after 1944 when the industry became a favored sector for loans from both the Banco Central and the Banco Industrial (BI).⁴ In the general tightening of credit that occurred after 1949 from the BI and other public lending sources, loans to the metalworking industries nonetheless increased by about two-thirds over the course of the next decade, a favorable status compared with most industries in which loans increased

1. See the letter from the Swift Company to the State Department, U.S. Department of State, Papers Related to the Internal Affairs of Argentina, Letter from Joseph O. Hanson, president of Swift International Company, Ltd., to Paul C. Daniels, director of the Office of American Republic Affairs, 835.5034/12-1348, December 13, 1946. For the flour-milling industry, see Mainwaring, "The State and the Industrial Bourgeoisie in Perón's Argentina, 1945-1955," 5-8, 14-16.

2. Teichman, "Interest Conflict and Entrepreneurial Support for Perón," 148-49.

3. Teichman, "Interest Conflict," 149; Mainwaring, "The State and the Industrial Bourgeoisie," 8-9. Industrialists' attitudes toward Perón during the critical 1945-46 conjuncture discussed in Chapter 1 were also closely related to their sectoral interests. The opposition of someone like Lamuraglia certainly cannot be dissociated from the declining fortunes of those textile firms such as his which manufactured silk products.

4. Schwartz, "The Argentine Experience with Industrial Credit and Protection Incentives, 1943-1958," 27, 78, 95-97. Girbal-Blacha claims that loans to the metalworking industries declined after 1952 but also acknowledges a favorable treatment in the early years of Perón's government. Girbal-Blacha, "Economía azucarera tucumana y crédito," 475-76.

only slightly or even declined.⁵ Tariff protection was also adequate, and during the war years, there were few complaints from the metalworking industry about foreign competition or the perennial complaint by Argentine industrialists of “dumping.”

For these and other reasons, the metalworking industries offer an interesting case study of the relationship between Perón, the Peronist state, and industrialists. Before World War II, Argentina had been the leading Latin American consumer of iron and steel products, most of which was imported, though the domestic market was deep enough to permit the establishment of some local production. Metalworking firms such as Talleres Metalúrgicos San Martín (TAMET) and La Cantábrica had existed since early in the century, and the country’s largest industrial firm, SIAM–Di Tella, could trace its origins to the years before World War I. Others such as Talleres Merlini (later Merlini e Hijos) and FEBO were established in the 1920s. All of these firms in subsequent years had engaged in plant expansion and product diversification and achieved a degree of “scale and scope” unusual for Latin America. TAMET and SIAM–Di Tella were the largest metalworking firms in the region and had developed an extensive national network of distributors, while companies such as FEBO were already manufacturing machinery and equipment, pioneering a kind of fledgling capital goods industry, as early as the 1920s.⁶

The 1930s Depression and especially the war years ushered in a new era for the industry. The general tendency was to diversify production into more complex product lines, such as machinery and basic metals. The country’s already established and leading metalworking firms benefited as much as the new companies from the wartime situation. The large firms expanded and diversified while hundreds of new, smaller metalworking companies were established. To cope with wartime shortages, companies such as La Cantábrica and TAMET installed open-hearth or electric furnaces using scrap and small imports of pig iron to produce a variety of steel castings and rolled products (cast iron pipe, galvanized steel and wire, sanitary ware). SIAM–Di Tella concentrated on the manufacture of gasoline pumps and pasta machines as well as its new consumer goods line of fans, refrigerators, and other household items as the domestic market expanded. By the end of World War II, the company, now the largest industrial conglomerate in

5. Schwartz, “The Argentine Experience,” 83–85, 101–7. The large metalworking firms such as Acindar, Tamet, Rosati y Cristóforo, Santa Rosa, and La Cantábrica were among those that most benefited from the Banco Industrial’s loans. See Rougier, *La política crediticia del Banco Industrial durante el primer peronismo*, 86–92.

6. *Revista TAMET* (April–May, 1944): 4; Fernando Rocchi, *Chimneys in the Desert*, 23–27, 114–16.

Latin America, was already self-sufficient in the production of compressors, electric motors, and transformers. Then, in 1948, SIAM spun off a new company, SIAT, to manufacture galvanized pipe.⁷ The most important metalworking manufacturers were located in or near the city of Buenos Aires, especially in the industrial suburb of Avellaneda, though in 1943, an important new company, Acindar, was established in Rosario, with other plants subsequently established in nearby San Nicolás and Villa Constitución.⁸

The great expansion of the Argentine metalworking industries during the war also created new demands for machine tools, specialized equipment rather than the general-purpose tools that had previously composed most of Latin American industrial plant technology. In these years, Argentina was at the forefront in Latin America in producing some of the simpler kinds of machine tools and moderately complicated machinery, such as lathes, drill presses, shapers, and milling machines. The country's machine shops specialized in repair work that required sophisticated forging and welding skills and manufactured replacement parts for diesel engines and machinery that involved metal cutting and assembly. Small metalworking establishments manufactured bolts, nuts, and screw machinery, while slightly larger establishments specialized in bronze and brass castings, especially for the production of valves, faucets, and sanitary fittings. At the same time, large factories such as those of the *Compañía Argentina de Talleres Industriales y Transportes y Anexas S.A. (CATITA)* were already casting aluminum, while other firms such as *Sociedad Talleres Argentinos Rioplatenses* and *Guillermo Decker S.A.* had become bulk producers of copper and brass seamless tubing.⁹

Despite the impressive gains of the war years, the metalworking firms lagged considerably behind their North American and European counterparts. Technology was still backward by international standards, and the companies, with a few notable exceptions, produced strictly for the internal market. Though some of the companies, such as *TAMET* and *SIAM-Di Tella*, had large plants with thousands of workers, factories were generally small, economies of scale poor, and production levels amounted to 10 percent to 20 percent of that found in the United States and Europe. Firms also showed a high degree of vertical integration due to the lack of a good network of suppliers for parts and inputs, but, at the same time, they exhibited a tendency to abandon specialization, broadening their product mix as markets

7. Cochran and Reina, *Capitalism in Argentine Culture*, 180–212.

8. Wythe, *Industry in Latin America*, 118–19.

9. McCain and Loinaz, "The Metalworking Industries," 194–97; "Origen, evolución y perspectivas de la industria de las máquinas-herramientas en la Argentina," *Revista de la Unin Industrial Argentina*, Año 85, no. 15 (March–June, 1962): 8–30.

became saturated in original lines. All of these factors worked against achieving economies of scale and competitiveness.¹⁰ By the time of Perón's rise to power, Argentina's metalworking firms were thus in a difficult situation. The industry had grown enormously during the war, and the companies had even made notable progress in their technological capacity but were still backward, by international standards, and vulnerable to renewed international competition. They needed some form of state intervention to ensure their survival—something that Perón seemed willing and able to offer them.

The history of the Cámara Argentina de Industrias Metalúrgicas, the employers organization representing the manufacturers of consumer durables and that sector of the metalworking industry most favorably disposed to Perón's government, reveals both the usefulness and limitations of looking at the industrialists' response to Perón strictly on the basis of sectoral interests. The Cámara was strongly supportive of Peronist economic policies, especially with regard to tariff protection, favorable exchange rates, and ample credit via the Banco Industrial. It was also surprisingly supportive, at least to a certain degree, of Peronist social policies that led to a notable redistribution of income in the country and greatly expanded the domestic market. The ideological identification of the metalworking industrialists with Perón's government should not be dismissed as merely cynical or self-serving. Peronist popular nationalism not only resonated among the working class; it affected many groups and classes. *Justicialista* ideology held some appeal for industrialists as well. There are many concrete examples of the industry's identification with specific acts of Peronist economic nationalism, such as with Perón's nationalization of the railroads, a measure enthusiastically supported by the industry, although ideology was predictably never far away from self-interest. The Cámara also expressed its hope that the local metalworking industry would be able to fulfill the public railroads' demand for spare parts and rolling stock.¹¹ Perhaps the most telling example of the coincidence between ideology and self-interest is the participation and support for Perón's two Five-Year Plans. The Cámara was one of the most enthusiastic champions of the ideals of the Five-Year Plans: support for "national" industry, state intervention to break industrial bottlenecks, the development of heavy industry, and the pursuit of "economic independence."¹²

10. Katz et al., *Desarrollo y crisis de la capacidad tecnológica latinoamericana*, 9–11.

11. *Metalurgia*, no. 128 (April 1951): 3, 5–6; *ibid.*, no. 130 (June 1951): 13.

12. *Metalurgia*, no. 137 (January–February 1952): 5–12; *ibid.*, no. 147 (December 1952): 3; *ibid.*, no. 148 (January–February 1953): 3; *ibid.*, no. 151 (May 1953): 3.

The metalworking industry had long played a maverick role within industrialists' ranks. In the early years of the Unión Industrial Argentina (UIA), it had existed as a semiautonomous body (*gremio*) within the industrialists' association and had in fact made this autonomous status a precondition for joining the UIA.¹³ Under Torcuato Di Tella's leadership in the 1930s and early 1940s, the metalworking industrialists had become more deeply involved in UIA affairs and generally adhered to the UIA's positions, though there were also signs of tensions. The industry pressed with greater insistence a series of demands (the banning of export of scrap metal, active state intervention to develop a national steel industry, a demand for public investment in research and technological development) than those advocated by other industrial groups in the UIA. By 1945, the metalworking industry was asking for even greater state intervention, urging the government to fix prices for imported goods and more vigorous tariff protection, though sometimes supporting the UIA's more liberal positions on other issues, particularly when it suited the industry's self-interest, such as opposition to government regulation on the importation of scrap metal.¹⁴ Nonetheless, as the war came to an end, the president of the UIA's metalworking *sección*, Aquiles Merlini, called for vigorous state intervention to protect their industry from foreign competition that hurt "national industry" and economic sovereignty, a position that the Cámara enthusiastically supported.¹⁵

The greatest tensions within metalworking industrialists' ranks had emerged with the establishment of the military government and bitter disagreement on what position to assume with regard to Perón. Such tensions were revealed within the UIA itself. Under Torcuato Di Tella's leadership, the metalworking industries had increased their influence within the industrialists' organization, electing Patricio Planet of TAMET vice president of the UIA in 1945. In the charged UIA elections of April 1946, the executive director of leading metalworking firm La Cantábrica, Pascual Gambino, was chosen to head the victorious anti-Peronist ticket, pitting him against other members of the metalworking industry, such as Miranda, Merlini, and Victor Prati, who led the pro-Peronist faction.¹⁶ The industry had clearly come of age

13. Sharkey, "Unión Industrial Argentina," 195.

14. *Metalurgia*, no. 66 (June 1945): 3–14.

15. *Metalurgia*, no. 68 (August 1945): 3–4; *Acción Industrial* 11, no. 501 (July 1948): 7; *Acción Industrial* 12, no. 589 (June 1950): 4–5.

16. The industry was generally displeased with Gambino's decision, and Miranda persuaded La Cantábrica president H. Bruzzone to force Gambino's resignation from the firm shortly after the latter agreed to run for UIA president as part of the anti-Peronist "Renovation" slate. See Jáuregui, "Los industriales ante el surgimiento del peronismo," 215–17.

and was the dominant faction within the UIA by the end of World War II, with its representatives playing key roles in the tense days when the UIA was deciding how to deal with Perón.

These disputes nevertheless continued to be fought out between a relatively small number of firms. The metalworking's "section" within the UIA (Sección Industrias Metalúrgicas de la Unión Industrial Argentina) lists only 110 members as late as 1944.¹⁷ The leading firms such as SIAM-Di Tella, TAMET, Merlini e Hijos, and La Cantábrica dominated the metalworking wing of the UIA through the war, but the vast majority of firms in the industry apparently were not represented (the 1946 industrial census listed some 8,971 industrial establishments in the sector). Perón recognized an opportunity with this situation and soon began to court metalworking industrialists, both the large established firms and the smaller newcomers, to form the base of his support among the country's industrialists. Immediately following the May 17, 1946, intervention of the UIA, Perón made a revealing offer to the metalworking section of the industrialists' organization. Perón invited the metalworking industrialists to form an advisory committee to assist the "interventor" in overseeing the restructuring of their industry's representation within the UIA. The metalworking industrialists accepted Perón's offer, and an advisory committee was established comprising the following members: Aquiles Merlini (Merlini e Hijos), Guido Clutterbuck (SIAM-Di Tella), José María Menéndez (TAMET), Dr. Roberto van Gelderen (C.A.M.E.A.), Carlos Fishbach (Establecimientos Ind. Febo), Alberto Schärer (Establecimientos Schärer), Santos Rosati (Rosati y Cristófano), A. D. Parise (Talleres Azrara), and Juan Belenda (Balenda, Scapusio y Cia.).¹⁸ With the government's support, the steering committee presided over the restructuring of the metalworking *sección* into separate branches according to product lines (Industriales Siderúrgicos, Fabricantes de Cocinas y Afines, Muebles Metálicos y Cajas Fuertes, Fabricantes de Instrumentos de Pesar y Medir), and grouped together in the Cámara Argentina de Industrias Metalúrgicas. Merlini and Clutterbuck were named the Cámara's first president and vice president, respectively.¹⁹

Perón's intent appears to have been initially to increase the industry's membership and let the metalworking industrialists dominate a reconstituted

17. *Metalurgia*, no. 65 (May 1945): 7.

18. *Revista de la Unión Industrial Argentina*, Año 59, no. 930 (June 1946): 10. This list indicates that both the large, established metalworking firms as well as newer and smaller companies were participating in the restructuring.

19. Jáuregui, "Prometeo encadenado," 56-57.

UIA. Unable to dislodge the hard-line anti-Peronist opposition within the UIA, Perón then turned to the Cámara to play the role of the backbone of industrialists' support for his regime. The Cámara was one of the few important industrial organizations to join the government-sponsored, and the UIA's successor, Asociación Argentina de la Producción, Industria y Comercio (AAPIC), though its participation was half-hearted once it became apparent that the AAPIC would fail to capture broad support from the country's industrialists. Instead, the Cámara chose to work independently and cooperate with the regime as an autonomous organization. It began a major enrollment drive in late 1946 and would steadily increase its membership throughout Perón's presidency. With a membership that stood at 323 firms by mid-1947, it climbed to 600 by 1948 and by early 1953 counted a membership of 1,350.²⁰ Though there were points of friction between Perón and the industry apparent as early as the first administration, the *Cámara* remained staunchly supportive of most of the government's economic policies. In a speech given in late 1950, Merlini praised Perón's industrial program, including the nationalization of the banking system, the growing influence of the Banco Industrial, the promotion of technical schools, the "Argentini- zation" of the railroads, tariff protection, and the activities of the IAPI. Several months later, the Cámara endorsed Perón's reelection.²¹ When Perón decided to organize the country's industrialists into a pro-Peronist Confederación de la Industria (CI), leading metalworking industrialists such as Alquiles Merlini, Torcuato Sozio Di Tella (nephew of Torcuato, Sr.), Alberto O. Schärer, Robert van Gelderen, and Marcos Zimmerman, all members of the Cámara, were elected to its first executive committee. Merlini was named the CI's first president.²²

The Cámara embraced an industrial program that was compatible with many facets of Peronist economic nationalism. Even prior to Perón's election and the UIA intervention, the Cámara was to a considerable degree leading the industrialists' cause to continue the pro-industrial policies of the 1943–46 military government. In the very days of the great popular upheaval and street protests of October 17–18, 1945, that brought Perón's release from imprisonment and rescued his political career, the Cámara was waging a less public campaign to protect the advances that industry had made in recent years. On this occasion, it mobilized opposition to a recent government

20. *Metalurgia*, no. 84 (April 1947): 36–40; *ibid.*, no. 99 (August 1948): 36–40; *ibid.*, no. 149 (March 1953): 5.

21. *Metalurgia*, 125 (December 1950): 25–27; *ibid.*, no. 132 (August 1951): 23–25.

22. *Metalurgia*, no. 136 (December 1951): 3, 23.

decree granting jurisdiction over collateral loans (“créditos prendarios”) to the Ministry of Agriculture and Livestock. The Cámara demanded that jurisdiction be returned to the Ministry of Industry and Commerce, arguing that the great majority of such loans were from the Banco Industrial and other banks to industry and therefore should remain in that ministry’s jurisdiction.²³ The metalworking industrialists obviously were not concerned about a mere bureaucratic turf war but with seeing industry lose influence at the national level to the country’s traditional agrarian interests.

The Cámara’s industrial nationalism intensified after Perón’s election. Indeed, it presented Perón’s 1946 election as a victory for national industry over the old order and the representatives of agriculture and the exporting firms. A state-directed economy through the Banco Central and the Instituto Argentino para la Promoción del Intercambio (IAPI) were justified as necessary to coordinate the postwar economy and protect the industrial gains of recent years.²⁴ The Cámara employed a discourse that gradually came to be almost identical to that being disseminated by Perón, the government ministries, and educational institutions.²⁵ Similarly, it tapped into the nationalist and anti-imperialist imagery employed by Perón. An example of the Cámara’s identification with specific acts of Peronist economic nationalism include Perón’s nationalization of the railways, presented by the metalworking industry as a victory for national industry and a triumph of economic sovereignty over colonial dependence. The Cámara’s nationalism at the time of the railways’ expropriation was extended to its own industry. It excoriated the baleful effects of the 1907 Ley Mitre (which consolidated foreign control of the nation’s railway system) for the development of national industry by exempting basic inputs for the railroads from protective tariffs and thereby

23. AGN, Secretaría de Asuntos Técnicos, Presidencia Juan Domingo Perón, Legajo 591, File “Camara Argentina de Industrias Metalúrgicas,” Letter from Guido Clutterbuck (SIAM-Di Tella) and Aquiles Merlini (Merlini e Hijos) to Dr. Raúl Mende, Secretaría de Asuntos Técnicos, October 18, 1945.

24. *Metallurgia*, no. 74 (March 1974): 19–21; *ibid.*, no. 77 (June, 1946): 31–33. Miguel Miranda was appointed the nationalized Central Bank’s first director, and Aquiles Merlini was named to its first board of directors. Merlini had held a long list of important positions in Perón’s first administration: member of the board of directors of the Banco Industrial (1944–46), first president of the *Confederación de Industria* (1946–48), member of the board of directors of the Central Bank (1946–48), and finally vice president of the latter (1947–48). Merlini resigned his posts after Miranda’s resignation from the government.

25. To give just one of numerous examples, in late 1949 the Cámara declared: “The realistic policy that our leaders are following is distancing [Argentina] as much from a purely capitalist system as from a crudely socialist one. Neither plutocracy nor communism. Our economy does not follow the orthodox postulates of any doctrine and has learned, with admirable restraint, to adopt a position that allows it to take from economic liberalism its fundamental principles and take from state interventionism strictly what is necessary to ensure the social function of property.” *Metallurgia*, no. 111 (September 1949): 3.

undermining local metalworking firms' ability to supply the country's railroads with parts and rolling stock.²⁶ By the late 1940s and through the early 1950s, the Cámara would become the most outspoken of all the business organizations in its criticisms of concessions to foreign capital and investments in areas where Argentine industry was capable of supplying domestic needs.²⁷

Such sentiments were understandable when Peronist popular nationalism, which included industry as a potent symbol in its ideological armory, is considered. Perón actively sought to make industrialization a hallmark of his government. His pledge to oversee a transition from an agrarian to an industrial society served as a cornerstone of Perón's promise of national greatness for the new Argentina and an integral part of the Peronist regime's legitimacy. Under Perón, the causes of "economic independence" and "social justice" seemed at times to become synonymous with greater levels of industrial production. Industry represented the path of national destiny, while a pastoral Argentina was depicted as the embodiment of a decrepit, expiring oligarchic order, with its gross social inequalities and demeaning subordination to foreign interests. The July 9, 1947, declaration of Independencia Económica in Tucumán inscribed in the Justicialist Constitution a new course for the national economy, a decisive movement toward autarchy, with industry assigned the liberator role for the new Argentina.

The pomp and ceremony surrounding the Tucumán declaration demonstrated that economic policies under Perón were never purely technical operations but were also exercises in public relations and even state-supported propaganda. The government's efforts in this regard included relatively modest gestures, such as establishing the Día de la Industria Nacional (previously the Día de la Industria) and sponsoring annual industrial expositions with stands displaying the products of national industry, with a prominent participation

26. *Metalurgia*, no. 128 (April 1951): 3.

27. *Metalurgia*, no. 100 (September 1948): 5–6; *ibid.*, no. 109 (July 1949): 23; *ibid.*, no. 119 (June 1950): 17–18; *ibid.*, no. 124 (November 1950): 9; *ibid.*, no. 130 (June 1951): 18; *ibid.*, no. 141 (June 1952): 24; *ibid.*, no. 146 (November 1952): 7; *ibid.*, no. 158 (December 1953): 20; *ibid.*, no. 172 (May 1955). The position of the Cámara does not, however, necessarily lend credence to Carlos Waisman's thesis of Argentine industrialists' support for a cosseted, "hothouse" industrialization, or critics like Vivek Chibber who, absent a relatively autonomous state, seem to dismiss the very idea of a national bourgeoisie interested in development and not simply plundering the state for parochial self-interest. Argentina's metalworking industrialists had a consistent position that protection should be selective and in accordance with a national plan to increase the competitiveness of national industry. The idea, not unlike the strategy employed successfully by the East Asian economies, was to protect strategic industries and foster competition among domestic producers to achieve quality control and lower prices, slowly opening up the market to foreign competition. See, for example, *Metalurgia*, no. 95 (April 1948): 3; *ibid.*, no. 155 (September 1953): 3. Of course, this position was often contradicted in actual practice, but more effective industrial planning on the part of the state might have permitted industrialists' programmatic positions to have been translated into reality.

by the metalworking industry. With great symbolic flair and not a little mischievous spite, Perón arranged to hold these expositions on the fairgrounds of Sociedad Rural in Palermo, where the country's landowners had been holding their agricultural shows and parading their prize bulls since the late nineteenth century. The lavish exposition hall, where haughty *estancieros* showed off their Angus beef cattle, now belonged also to the manufacturers of electric fans, refrigerators, and, perhaps more palatable to the landed elite, agricultural machinery. The government also undertook elaborate "buy Argentine" publicity campaigns, extolling the quality of Argentine goods and making their purchase almost a patriotic obligation, an inversion of the cattle oligarchs' long-standing slogan of "buy from those who buy from us."²⁸ From the industrialists' vantage point, this industrial nationalism was echoed in the proliferation of magazines on popular science and trade journals during the Peronist period. One example in the specific case of the metalworking industry was the monthly *Industria Mecánica y Soldadera*, which began publication in 1950, with articles written by engineers and industrialists to introduce industrial advances and offer solutions for technical problems while proselytizing in general for the development of an industrial culture in Argentina. Most metalworking firms of importance advertised in the magazine, indicating it had a widespread circulation.

In his economic program, Perón was not just seeking greater levels of industrial production or even the creation of the rudiments of an industrial culture but an active participation of the citizenry in support of his regime. Nowhere was the relationship between economic policy and Perón's aspirations to enroll society behind Peronist banners better demonstrated than in his two Five-Year Plans. Both plans unleashed a torrent of popular enthusiasm, not only among business groups but also among the population at large.²⁹ The First Five-Year Plan was actually a series of separate bills sent to the Argentine Congress rather than an integrated plan, though it also had more of an openly nationalist content than the subsequent. The implementation of the First Five-Year Plan was wanting, but it proposed an ambitious

28. AGN, Secretaría de Asuntos Técnicos, Presidencia Juan Domingo Perón, Legajo 664, Carpeta, "Campaña de protección de la industria nacional." The practice of holding industrial exhibitions in the *estancieros'* Palermo fairgrounds had actually begun in the 1920s during the years of friendly relations between the U1A and the *Sociedad Rural* but had fallen into disuse in recent years. Perón resumed the practice but in the context of a national government much more hostile to the country's traditional agrarian interests.

29. On the subject of the popular reception to the Second Five-Year Plan, see Elena, "What the People Want," 81–108. Like Elena, we consulted the vast letter-writing collection of the Five-Year Plan solicited in the "Perón Wants to Know" campaign found in the plan's papers and housed in the AGN. Our research, however, concentrates strictly on the correspondence of industrialists and business groups.

blueprint for agricultural, industrial, and social reform.³⁰ In both attempts at national economic planning, the Cámara played a leading role as propagandist and partner. The metalworking industrialists welcomed the Five-Year Plans with great enthusiasm and promoted their goals of national economic independence in their publications, in public ceremonies, and even on the factory floor.

Because of the government's efforts to mobilize the citizenry, the Second Five-Year Plan was unquestionably the one that most fired the popular imagination and the one in which the Cámara assumed the greatest public role. Perón presented the plan to the public in December 1952. Individual ministries were given responsibility for various facets of the plan with ultimate authority held by the Dirección Nacional de Planificación under the Ministerio de Asuntos Técnicos. The ministry decided how money would be spent. When legislation was necessary to achieve an objective, it would oversee drafting of the bill. Seventy-two percent of the spending was reserved for "economic development" (energy, transport, agriculture, and industry), 11 percent for "social projects" (housing, public health, education), 10 percent for "national defense," and the remainder for "administrative costs" of which publicity absorbed a major share.³¹ A major objective of the Second Five-Year Plan was to seek input from common citizens on the country's problems and potential solutions. The plan's archive includes thousands of letters, including correspondence from industrialists seeking patents, subsidies, and credits, as well as many letters from average citizens—aspiring inventors informing the ministry of their home inventions, students proposing solutions to nation's chronic problems, and retired professionals offering their services to the government.

The Second Five-Year Plan (popularly known as the "Plan Perón") was perhaps most illuminating for the role of business, which Perón intended to be its main beneficiaries. The Second Five-Year Plan, in harmony with Perón's reconfigured "Third Position" during his second administration, was to leave economic activity and entrepreneurship largely in private hands. The state was to establish goals and provide direction to private enterprise but not usurp its role. For business, an ideological affinity, even a certain sense of partnership, is revealed in the papers—a sense of business as protagonists in the country's economic independence. These papers also show the opening of a political space for such groups as industrialists, once marginalized within the political system, and then permitted to assume a political role

30. Elena, "What the People Want," 86.

31. Luna, *Perón y su tiempo*, 281–85.

in what was a redefined public life under Perón. References to “social justice” and “economic independence” filled the letters of business organizations and individual businessmen, as did, naturally, professions of loyalty to Perón and the Peronist movement. A typical letter was from Omar Grecco, an industrialist from the federal capital, who professed to be a “true Peronist.” Grecco requested a patent and line of credit from the Banco Industrial for his electricity-generating windmill. Grecco claimed he hoped to avoid what had so often happened in the past when Argentine technical innovations had been sold to “foreign exploiters for a pittance,” which only deepened the country’s dependence.³² As was often the case, the ministry turned down his request, but the language and sentiment of his petition were typical of the deep identification felt by many with Perón’s regime.

The metalworking industrialists of the Cámara assumed much of the responsibility for propagandizing for the Second Five-Year Plan and expressed repeatedly their identification with what they perceived as the plan’s objectives: support for national industry, state intervention to eliminate industrial bottlenecks, development of a national steel industry, and the pursuit of “economic independence.”³³ Throughout the years of the Second Five-Year Plan, the Cámara advocated the need for national economic planning, or “free enterprise within the planned economy” (*la libre iniciativa dentro de la economía planificada*).³⁴ The metalworking industrialists viewed the Second Five-Year Plan as a welcome opportunity to gain access to foreign technology, to modernize their industry, and to increase productivity. At the same time, they advocated a careful regulation of foreign capital and urged the country’s industrialists to play a close role in evaluating proposals for foreign investment, something they began to do with increasing frequency. The creation of base industries, such as a national steel industry, it insisted, should be the preserve of the state and a public industry in the service of the country’s private industrialists. Given their leadership role in the Five-Year Plan and their influence in the Banco Industrial (another metalworking industrialists and Cámara member, Marcos Zimmerman, was named president of the BI by Perón in 1954), the members of the Cámara exercised an unusual degree of influence and assumed a notable degree of ideological identification with the Peronist government through the Five-Year Plans.

32. AGN, Secretaría de Asuntos Técnicos, Presidencia Juan Domingo Perón, Lejgajo 471, Carpeta “Máquina de Invención Nacional. Omar Grecco.”

33. *Metalurgia*, no. 147 (December 1952): 3; *ibid.*, no. 148 (January–February 1953): 3; *ibid.*, no. 151 (May 1953): 3.

34. *Metalurgia*, no. 151 (May 1953): 3; *ibid.*, no. 166 (October 1954): 28.

Of course, ideology continued never to be far away from self-interest. Though the Cámara's active participation in both Five-Year Plans had an ideological content and revealed some degree of identification with Peronist economic nationalism, these grandiose attempts at national economic planning were viewed as an opportunity both to promote specific policies beneficial to their industry's long-range interests and for individual companies to acquire immediate concrete benefits or redress long-standing problems with the support of the state. Such intents were apparent in the First Five-Year Plan and blatant in the Second Five-Year Plan. To illustrate, metalworking industrialist Juan José Mirabella, owner of the Alcalve factory (a manufacturer of steel wire, nails, iron balconies, and metal-frame doors), viewed the public-housing projects of the First Five-Year Plan as a godsend for his company and pursued a bid in the government agencies overseeing the Five-Year Plan's public housing projects in the hopes that his prefabricated houses, the *Relámpago*, would be awarded a contract.³⁵ In general, industrialists appealed to government intervention on a wide array of issues, including labor problems. The employers association representing the construction industry in the province of Buenos Aires, for example, asked the government to oppose a wage increase for the construction workers' union, arguing that it would make it impossible for the construction industry to contribute to the public works projects that figured prominently in the First Five-Year Plan.³⁶

Efforts to resolve sectoral even individual problems through national economic planning were even more notable in the Second Five-Year Plan. Common complaints were about unused capacity of factories (but with fixed and even rising labor costs), the need to acquire machine tools to improve competitiveness, and the reestablishment of management's control over the shop floor.³⁷ The Cámara gave special priority under the Second Five-Year Plan to the development of a national steel industry and offered a detailed plan for developing one. Its proposals included giving SOMISA exclusive rights to import scrap metal, requiring various government ministries and the Central Bank to cooperate in the acquisition of scrap (including ordering the Navy to scuttle some old ships for this purpose), and giving

35. AGN, Secretaría de Asuntos Técnicos Preidencia Juan Domingo Perón, Legajo 598, Letter Alcalve Ltda. To Pres. Juan Domingo Perón, November 10, 1947. The archive of the Second Five-Year Plan contains a considerable degree of correspondence from the First Five-Year Plan.

36. AGN, Secretaría de Asuntos Técnicos, Presidencia Juan Domingo Perón, Legajo 596 "Presentación de Producción Industrial," Letter from Asociación de Entidades Profesionales de la Construcción de la Provincia de Buenos Aires a Ministerio de Asuntos Técnicos, April 1948.

37. For the position of the metalworking firms of the Cámara, see *Metalurgia*, no. 137 (January–February 1952): 5–12; *ibid.*, no. 152 (June 1953): 6, 29–30; *ibid.*, no. 156 (October 1953): 29.

the Cámara an advisory role in SOMISA, which would then advise the Central Bank on granting import licenses, with the criteria that no products should be imported that could be supplied by national industry.³⁸

Metalworking industrialists generally saw the Second Five-Year Plan as perhaps the last opportunity to compensate for the technical deficiencies of their industry and to modernize sufficiently to withstand the onslaught of foreign competition from the United States as well as industrially resurgent Europe. Nor were these requests confined to the firms of greater Buenos Aires. Many came from industrializing parts of the interior, especially the province of Santa Fe. Rosario's branch of the Cámara, for example, requested state intervention to arrange with the Transportation Ministry to allow the latter to sell to local manufacturers of agricultural machinery the railroad's discarded steel locomotive wheels, which were coveted by local industrialists in a city that was a railway hub and where steel supplies were limited.³⁹ Similarly, the president of Acíndar, Arturo Acevedo, sought ministerial backing to permit Acíndar's manufacturing of steel-plated railroad cars for the country's now nationalized railways. Acevedo presented such a project as fulfilling the patriotic goals of the Second Five-Year Plan.⁴⁰

Such requests were not confined to the metalworking industry. Industrialists from nearly every sector saw the Second-Year Plan as an opportunity to resolve chronic problems through direct access to the state. The textile industry was another frequent petitioner. Typical of the correspondence was a letter from Industrhilos, a manufacturer of industrial, heavy-duty fibers, which sought import licenses to acquire machinery and justified its request as a patriotic gesture that saved the country valuable foreign exchange thanks to the firm's ability to supply the domestic market with a product that had once been supplied with imports.⁴¹ On occasion, a federalist argument was employed in the requests, such as when the owners of a flour-milling factory in Córdoba asked to reform national collective bargaining agreements

38. AGN, Secretaría de Asuntos Técnicos, Presidencia Juan Domingo Perón, Legajo 595 "Presentación de Producción Industrial," File "Acíndar," Letter from the Cámara de Industrias Metalúrgicas to Pres. Juan Domingo Perón, June 26, 1953; *Metalurgia*, no. 148 (January–February 1953): 3.

39. AGN, Secretaría de Asuntos Técnicos, Presidencia Juan Domingo Perón, Legajo 608, File "Informe sobre el trámite impuesto a la solicitud de la Cámara de Industriales Metalúrgicos de Rosario."

40. AGN, Secretaría de Asuntos Técnicos, Presidencia Juan Domingo Perón, Legajo 596 "Presentación de Producción, File 'Acíndar,'" Letter from Arturo Acevedo to Minister Raul Mende, September 10, 1953.

41. AGN, Secretaría de Asuntos Técnicos, Presidencia Juan Domingo Perón, Legajo 593 "Presentación de Producción Industrial," Letter from "Industrhilos" to Minister Raúl Mende, December 15, 1953.

that granted increases for the cost of living that were excessive for the interior and threatened their company's bankruptcy.⁴²

Unquestionably, the single most important problem that industrialists sought to resolve through the Second Five-Year Plan was credit. Metalworking industrialists had long faced enormous difficulties in acquiring the capital they needed to establish, to expand, and to modernize their factories. Commercial law had been one obstacle. Restrictive banking laws defined collateral narrowly and confined it almost exclusively to the ownership of rural and urban real estate, a problem only partly resolved with the 1944 establishment of the Banco Industrial. Nor was the shallowness of the country's capital markets resolved by the country's stock exchange, which remained weak for industrial undertakings. Access to capital generally meant access to foreign banks, a privilege reserved before the 1940s to a country's leading economic interests, especially in agriculture. An industry such as metalworking had already experienced limits to its growth before the 1940s, partly because of the shallowness of the domestic market and British ownership of the railroads (who supplied their own needs for rolling stock, equipment, etc.) but also because of a lack of credit. Indeed, the few firms that emerged and expanded, such as TAMET, were parts of larger economic empires that facilitated access to capital.⁴³

Credit remained a vital issue for industrialists at the height of Peronist rule and the early, heady days of the Second Five-Year Plan. The metalworking industrialists' warm reception to the previous establishment of the Banco Industrial and the later nationalization of the country's banking system had responded to long-standing problems with acquiring capital for plant expansion and modernization. But neither a preponderant influence on the board of directors of the Banco Industrial nor the Cámara's open lines of communication with Perón were enough to solve the metalworking industrialists' unending credit problems, particularly following the tighter credit policies adopted by the Peronist government after 1949. Companies

42. AGN, Secretaría de Asuntos Técnicos, Presidencia Juan Domingo Perón, Legajo 585 "Correspondencia Oficial," File "Tampierei y Cia. Nota relacionada con aumento de producción y rendimiento de esa fábrica."

43. On all these issues, see Guy, "Dependency, the Credit Market, and Argentine Industrialization, 1860–1940." Continued limited access to credit did not, however, prevent a notable growth of domestic industry in the 1930s, thanks largely to the high profits provided by a growing domestic market as well as some state protection. See Schwartz, "The Argentine Experience," 8–23. In his recent study of early industrialization, Fernando Rocchi disputes Guy's thesis that credit was a problem for industrialists, with the profits from sales and self-financing sufficient for industrialists' capital needs. Whatever truth in his argument, credit clearly was a pressing concern for industrialists in the postwar era. See Rocchi, *Chimneys in the Desert*, chap. 6.

made repeated appeals for public credit under the authority of the Five-Year Plan. Sometimes requests were made that the ministry overseeing the plan intervene with either the Banco Central or the Banco Industrial to obtain a bank credit. A typical plea was by T. Froeschle y Cia., a manufacturer of industrial saws and blades, which sought foreign exchange from the Banco Central to resume importation of primary materials, especially steel, which had caused the company to suspend production. Another appeal came from Fundanex, a manufacturer of agricultural machinery, which tried to renegotiate the terms of a loan already owed to the Banco Industrial in order to be able to enter into a partnership with the state-owned Industrias Mecánicas del Estado.⁴⁴ As with other problems, requests were couched in the language of a grand patriotic gesture in pursuit of the country's economic emancipation.

At the time of the launching of the Second Five-Year Plan, support for Perón's "third position" and the idea of developing a "social economy" and the "organized community" were already discursive commonplaces among the metalworking industrialists. Self-interest, however, had been the handmaiden of ideological identification of the metalworking industrialists with Perón's government in the past. It continued to be so as these industrialists supported national economic planning to resolve chronic problems in their industry that had reached a critical stage. In late 1953, more than six hundred metalworking industrialists, nearly all of them members of the Cámara, established the Cooperativa Metalúrgica de Previsión Ltd., or COOPER-AMET, for participating more effectively in the Second Five-Year Plan and to restructure their industry in accordance with the economic *cooperativismo* promoted by Perón's second attempt at national economic planning. However, under the leadership of president Alberto O. Schärer, the most immediate and important goal of the COOPERAMET was to facilitate the provisioning of scarce primary materials and inputs to eliminate middlemen, who, the Cámara complained, increased prices for such things and thereby reduced profit margins, putting greater pressure on industrialists to reduce wages.⁴⁵ As Aníbal Jáuregui has noted, the formation of the COOPERAMET

44. AGN, Secretaría de Asuntos Técnicos, Presidencia Juan Domingo Perón, Legajo 588 "Correspondencia Oficial, File "T. Froeschle y Cia."; *ibid.*, Legajo 585 "Correspondencia Oficial," File "Fundanex S.A."

45. AGN, Secretaría de Asuntos Técnicos, Presidencia Juan Domingo Perón, Legajo 593, Letter from Cooperative Metalúrgica Argentina de Provisión Ltda. to Dr. Raúl Mende, Ministro de Asuntos Técnicos, December 21, 1953; *Metalurgia*, no. 152 (June 1953): 3, 21–23; *ibid.*, no. 156 (October 1953): 5–7; *ibid.*, no. 158 (December 1953): 3, 7–8; *ibid.*, 159 (January–February 1954): 3–5. Complaints in the metalworking industries about raw material shortages were frequent; see Schwartz, "The Argentine Experience," 100–101.

responded also to Perón's promotion of the cooperative movement nationally in order to breakdown bottlenecks, reduce costs, and improve economies of scale.⁴⁶

Despite the formation of the COOPERAMET, the organizational issue was one that revealed certain tensions in the metalworking industrialists' relationship with Perón's regime. Though the Cámara had been one of the few industrialists' associations to join AAPIC, Perón's first attempt to replace the interdicted UIA, its enthusiasm soon cooled, and its participation became perfunctory. Indeed, within a year of the AAPIC's founding, the Cámara was lobbying to lift the intervention of the UIA. In the eyes of the metalworking industrialists, the AAPIC had undoubtedly proved to be an even less effective representative of their industry's interests than the UIA.⁴⁷ In 1950, possibly with Perón's support, the metalworking industrialists tried to take over interdicted UIA precisely for establishing an effective industrialists' organization. At the UIA's monthly meeting, the metalworking industrialists presented about seven hundred requests for affiliation, petitioning for admission as individual firms rather than as an industrial sector, or *sección*, the UIA's practice since the organizational reforms of the 1920s. Such a request, had it been accepted, would have completely disrupted the balance of power in the organization in favor of the metalworking industrialists.⁴⁸ The remaining anti-Peronist holdouts who dominated the UIA executive committee turned down the request, unwittingly sealing their fate as Perón then put the wheels in motion leading to a wholesale disbanding of the industrialists' peak organization.

The Cámara's subsequent chary attitude toward the AAPIC's successors, the Confederación Económica Argentina (CEA) and the Confederación General Económica (CGE), undoubtedly can be explained for similar reasons. Though the CEA and the CGE perhaps fulfilled Perón's aspirations to have the country's capitalist classes united in a single businessmen's organization, by including commercial and agricultural interests along with those of industry, Perón weakened their capacity to serve as a spokesmen on behalf of industrialization or even as an effective lobby on behalf of the metalworking industrialists' interests. The CGE comprised three separate chambers of commerce, agriculture, and industry, with equal influence within the organization.⁴⁹ Though

46. Jáuregui, "Prometeo encadenado: Los industriales y el régimen peronista," 67–68.

47. *Metalurgia*, no. 87 (July 1947): 29; *ibid.*, 100 (September 1948): 26.

48. Schwarzer, *Empresarios del pasado*, 106–7.

49. The establishment of the three national confederations actually preceded the founding of the CGE, which grouped them together into a single businessmen's organization.

Aquiles Merlino was elected as the first president of the CGE's industrial wing's (Confederación de la Industria) and with several prominent metalworking industrialists serving on the executive committee, there was, in reality, little enthusiasm for the new organization. One reason for the lack of support was that the Cámara saw the impulse for the establishment of three national confederations coming from the interior and argued that the animosity felt by the small, provincial business groups for the larger Buenos Aires firms made cooperation difficult, if not impossible.⁵⁰ In the days when, with Perón's blessing, the three confederations were about to unite in the CGE, the Cámara sought to revive the now defunct UIA and urged its members to pay an additional *cuota* (dues) to allow the industrialists' peak association to pay its outstanding bills.⁵¹ Indeed, only a few of the Cámara's smaller branches of the interior such as Rosario's expressed great enthusiasm for the new organization, though the Cámara members continued to belong to the CI and exercised considerable influence on the government's economic policy through it.⁵² But discontent remained, and the late 1953 establishment of the COOPERAMET, in fact, partly responded to the metalworking industrialists' desire to establish their autonomy from the CGE.

The organizational issue thus loomed as one of many that would create friction between the metallurgical industrialists and Perón. Even more troublesome were problems directly related to their enterprises, of which relations with their labor forces loomed as the greatest concern. Complaints about labor productivity and absenteeism could be traced to industrialists' mounting opposition to Perón during the 1943–46 military government and indeed during the early days of the Peronist government. At a time when the metalworking industrialists were generally supportive of Perón's policies, there was nonetheless deep discontent about labor productivity. In July 1946, just months after Perón's inauguration, the Cámara was already asking the interventor of the UIA to approach the secretary of industry and commerce with the idea of undertaking a national publicity campaign, complete with posters in factories, workshops, and businesses, as well as through radio and the press, urging greater labor productivity.⁵³

Tensions over Perón's labor policies arose with the Peronist government as time went by and put strict limits on support for the regime or ideological

50. *Metalurgia*, no. 136 (December 1951): 3, 23.

51. *Metalurgia*, no. 146 (November 1952): 27.

52. *Metalurgia*, no. 147 (December 1952): 19; *ibid.*, no. 165 (September 1954): 45.

53. *Metalurgia*, no. 78 (July 1946): 13.

identification with *Justicialismo*. By 1947, the Cámara was complaining of the activities of the shop stewards' organizations, the *comisiones obreras*, that were reputedly having a negative effect on shop floor discipline, "undermining completely the purpose for which they had been established and transforming themselves into a source of disorder, indiscipline, and anarchy."⁵⁴ The industry also frequently complained about what it considered to be excessive wage increases and precise job classifications granted to workers in collective bargaining negotiations, absenteeism, and closed-shop rules. In 1948, the Cámara sent a letter to Miguel Miranda, now president of the Consejo Económico Nacional, denouncing a recent collective bargaining agreement that gave wage increases to workers in their industry above what many firms could realistically pay.⁵⁵ The then most important employers' association in the provinces, Rosario's Cámara de Industriales Metalúrgicos, was even more vehement in its denunciation of the national contract, contending that the concessions to labor were particularly onerous and unacceptable to the small industrialists of the interior. They continued an employer's lockout to protest the agreement after industrialists in Buenos Aires had accepted arbitration.⁵⁶ By 1949, with the industry fully aware of an impending crisis, the Buenos Aires employers organization offered its own solutions to the metalworking industry's problems: state abstention in labor-capital relations ("allowing the interested parties to act freely in the negotiations of collective bargaining agreements") and state intervention to serve industry's needs ("submitting all imports to a set of rules regulating importing licenses and subject to the requirement that such goods are not manufactured in the country").⁵⁷

By this point, perhaps resigned to the idea that wage increases were going to be a permanent part of industrial relations in Peronist Argentina, and, moreover, that within certain limits they benefited their interests, the metalworking industrialists began to demand that wage increases be commensurate with increases in productivity.⁵⁸ The Cámara increasingly attributed its inability to compete in foreign markets, or to survive on its own without state protection, to the obstructionism of the shop stewards committees (*comisiones obreras*), low worker productivity, and generally higher labor costs.⁵⁹ The

54. *Metalurgia*, no. 86 (June 1947): 3–4.

55. AGN, Secretaría de Asuntos Técnicos, Presidencia Juan Domingo Perón, Legajo 61, Letter from the Cámara de Industriales Metalúrgicos to Miguel Miranda, January 28, 1948.

56. Laura Badaloni and Silvia Simonassi. ". . . Por lo menos hemos salvado el honor," 156–64.

57. *Metalurgia*, no. 110 (August 1949): 6–7.

58. *Metalurgia*, no. 113 (November 1949): 3.

59. *Metalurgia*, no. 145 (October 1952): 3, 33–36. Torcuato Sozio Di Tella, the dominant figure in SIAM—Di Tella after his uncle's death in 1948 and a businessman regarded as sympathetic to Perón's regime, relates that though there was general support for Perón's economic policies within the company

metalworking industry, given the large labor forces it now employed and its limited access to foreign technology, was perhaps the most outspoken of any on the need for rationalization and greater labor productivity.⁶⁰ Bit by bit, labor-capital relations in the industry deteriorated. By Perón's second administration, the "social function" of capital that the metalworking industrialists seemed to support was little more than the idea of a fair day's pay for a fair day's work.

There were other problems. By the time of Perón's second administration, the exhaustion of the original Peronist model of economic growth based on redistributing income through wage increases to the working class and industrial promotion by increasing domestic consumption, subsidies, bank credits, and protectionism, was apparent to the government and to the country's industrialists alike. Perón attempted to adapt, as the terms of the Second Five-Year Plan make clear, with its emphasis on increased labor productivity, encouragement of agricultural exports, and greater receptivity to foreign capital. The country's industrialists responded in ambiguous fashion. Though fully in agreement with plans to increase labor productivity, they were suspicious (with the exception of those industries closely tied to the export sector, such as the meatpacking industry) of any redistribution of income away from national industry and back to agriculture and foreign industry. Manufacturers of washing machines and refrigerators, for example, complained of government plans to lower tariffs on their goods or to restrict the importation of the sheet metal for manufacturing their products in the absence of a national steel industry.⁶¹ Similarly, the Sección Fabricantes de Maquinaria Agrícola y sus Repuestos, one of the most powerful interest groups within the Cámara by the early 1950s, protested the government's plans to mechanize agriculture and to improve productivity by importing, without tariffs, foreign-manufactured agricultural machinery, insisting that the local metalworking industry was fully capable of supplying the country's needs in farm equipment.⁶²

and SIAM's profits were the highest in the company's history, the productivity problem was a major source of dissatisfaction with Perón's government. Instituto Torcuato Di Tella, Oral History Collection, Interview with Torcuato Sozio Di Tella.

60. *Metalurgia*, no. 107 (May 1949): 19; *ibid.*, no. 108 (June 1949): 27–29; *ibid.*, no. 117 (April 1950): 5–18; *ibid.*, no. 161 (April 1954): 13–15; *ibid.*, no. 162 (May–June): 3–4; *ibid.*, no. 167 (November 1954): 3; *ibid.*, no. 172 (May 1955): 16.

61. *Metalurgia*, no. 126 (January–February 1951): 17; *ibid.*, no. 127 (March 1951): 3, 7; *ibid.*, no. 159 (January–February 1954): 6; *ibid.*, no. 167 (November 1954): 7–8; *ibid.*, no. 171 (April 1955): 26.

62. *Acción Industrial*, 12, no. 589 (June 1965): 5; *Metalurgia*, no. 131 (July 1951): 24; *ibid.*, no. 145 (October 1952): 3, 33–36.

The metalworking industrialists had also begun to look with increasing suspicion on the country's growing public sector, the state-owned industries that were now competing with the private sector. The Cámara criticized, for example, the production of electric motors and other industrial products in the Cordoban military factories as representing an unnecessary competition that hurt domestic industry and stymied national industrial development.⁶³ The state's large industrial holding company, the Dirección Nacional de Industrias del Estado (DINIE), was often singled out for criticism, the Cámara's position being that public companies should exist only to serve the private sector but that they were increasingly becoming competitors, especially in bids for public works projects.⁶⁴ Complaints were also on the rise about the government's lowering of tariffs and increased foreign competition for such domestically manufactured goods as refrigerators, washing machines, compressors, and motors.⁶⁵ Even the IAPI, once viewed favorably by industrialists, came under criticism as industrialists regarded it as singularly ineffectual in its role as overseer of national economic development. The Cámara lambasted, for example, IAPI's decision-making power in the importation of machine tools and primary inputs for industry, something industrialists ardently insisted that the bureaucrats of the government agency completely lacked the technical expertise to do.⁶⁶

With such tensions on the rise, it is perhaps not surprising that the metalworking industrialists became increasingly disenchanted with the regime and did little to support it in the final months of crisis. Perón made serious efforts to win back their goodwill. In March 1954, Perón announced that henceforth the state would not interfere in the establishment of wages, that collective bargaining would be left to market forces. For the metalworking industrialists of the Cámara, this had concrete, immediate consequences in the May 1954 Unión Obrera Metalúrgica (UOM) strike when the union demanded a 40 percent increase in wages. The employers responded that increased wages had to be commensurate with increased production. The UOM called a strike but received no support from Perón and indeed wildcat strikers who refused to accept the 21 percent increase finally granted by the

63. *Metalurgia*, no. 152 (June 1953): 7–8; *ibid.*, no. 153 (July 1953): 3.

64. *Metalurgia*, no. 141 (June 1952): 7–9; Belini, "D.I.N.I.E. y los límites de la política industrial peronista, 1947–1955," 112, 116. The D.I.N.I.E. was formed in 1947 from several expropriated Axis properties and included ten metalworking plants, four textile mills, five industrial chemical plants, and several construction and engineering firms. For its history and the suspicion it caused among industrialists, see Belini, "D.I.N.I.E. y los límites de la política industrial peronista, 1947–1955," 112, 116.

65. *Metalurgia*, no. 126 (January–February 1951): 17; *ibid.*, no. 159 (January–February 1954): 7–8; *ibid.*, no. 167 (November 1954): 7–8; *ibid.*, no. 171 (April 1955): 26.

66. *Metalurgia*, no. 173 (June 1955): 16, 36.

employers were harshly repressed by the government, culminating in the deaths of three workers and government denunciations of “Communist infiltrators” in the protests.⁶⁷

Despite the harder line adopted toward labor by Perón’s government, long-time president of the Cámara, Aquiles Merlini, gave an assessment of the national economy shortly before the coup with a distinctly pessimistic tone. Merlini noted the failure of the Second Five-Year Plan to create a national steel industry and conveyed the general sense of malaise among the country’s industrialists.⁶⁸ Perón’s government had promised much to the country’s industrialists and had unquestionably delivered on some of its promises. But Perón was hamstrung by the very nature of his movement and his reliance on its trade union base. The strength of the working-class component in the Peronist populist alliance prevented Perón from fully implementing the kinds of policies that the country’s industrialists had demanded and that he believed were necessary. Factors over which Perón had no control, such as international economic circumstances and deteriorating terms of trade for Argentina’s exports in his second administration, also frustrated Perón’s courtship of the industrialists. For its part, the Cámara expressed a mild approval of Perón’s overthrow in 1955, criticizing the abuse of state power under his regime but also forewarning that the fallen regime’s excesses should not be used as an excuse to establish a radical liberal economic program that would leave industry unprotected and lead to a return to a pastoral Argentina.⁶⁹ What had once appeared as a promising alliance between Perón and the metallurgical industry had foundered on its own contradictions, failing to create either the industrial Argentina or the social peace between industrialists and workers that Perón had so earnestly sought.

67. Luna, *Perón y su tiempo*, 3:153–54.

68. *Metalurgia*, no. 1775 (August 1955): 43.

69. *Metalurgia*, no. 176 (September 1955): 3.

FIVE

THE CONFEDERACIÓN GENERAL ECONÓMICA AND THE “ORGANIZED COMMUNITY”

The mobilization of provincial small business that had led to the establishment of the Confederación General Económica was not the kind of “business” support that Perón had originally envisioned. Faced with the frostiness of most of the country’s great industrialists and the conditional support, even of those who, like the metalworking sector, sympathized with much of his economic program, Perón had no choice but to accept the mobilization of the *bolicheros* and the formation of the Confederación General Económica (CGE). This was not the first time small business had organized to defend and promote their interests. In 1919, northwestern businesses had organized the Confederación Argentina de Comercio, Industria y Producción to combat the discrimination they claimed businesses in the interior were subject to, especially on issues of credit and transport. Years later, a tax revolt, similar to the one that would mobilize small businessmen during the 1945–46 employer protest against Perón, led to the establishment of the Federación Argentina de Entidades Defensoras del Comercio y la Industria. Like the CGE, it employed a federalist and antimonomopolist discourse, as did the organizations Federación Económica del Norte (FENA) and Confederación Argentina de la Producción, la Industria y el Comercio (CAPIC), established in the 1940s, with direct lineage to CGE.¹

1. On these previous organizations, see Schvarzer, *Empresarios del pasado*, 101–2; Lewis, *The Crisis of Argentine Capitalism*, and Lindenboim, “El empresariado industrial argentino y sus organizaciones gremiales entre 1930 y 1946,” 163–201.

The establishment of the CGE was in large measure a testament to the failure of the country's traditional businessmen's organization—the Unión Industrial Argentina (UIA), the Sociedad Rural Argentina, and the Bolsa de Comercio—to incorporate provincial business groups into their institutional activities. In the case of the UIA, the industrialists' organization had always been a clubby, clannish institution confined largely to Buenos Aires firms.² In contrast, the CGE membership was drawn predominantly from the ranks of the now-departed CAPIC; and José Ber Gelbard, a *provinciano* who would be the dominant figure in the organization over the next two decades, was named the CGE's first president. Gelbard, a traveling salesman from Catamarca and the son of Polish Jewish immigrants, was destined to become the “national bourgeoisie's” principal ideologue and most articulate advocate of an alliance between business, the state, and labor, behind a federalist and nationalist economic program. Shortly after Gelbard's election, Perón passed Law 14,295, the famous Law of Professional Associations of Employers, establishing one employer's organization per industry to negotiate with labor—capital's equivalent to a similar right/obligation that Perón had granted the trade unions—and laying down the procedures for collective bargaining negotiations.³ Both business and labor were to sit on the government's Economic Advisory Commission, an idea that, to judge from the CGE's internal debates, was quite welcomed by the peak association.⁴

Ideologically, the small businessmen from the interior who dominated the CGE found much in Peronism that they sympathized with. The anti-liberalism, federalism, and nationalism of these businessmen were their outstanding ideological characteristics.⁵ Perón's idea of the “organized community” and the social, national responsibilities of capital had great appeal for people who had seen the country's economic policies dominated

2. Schvarzer, *Empresarios del pasado*, 262.

3. *Ibid.*, 102–3; Teichman, “Interest Conflict,” 151–52.

4. CGE Archive, CGE “Libro de Actas de Comisión Directiva,” Acta no. 2 (January 20, 1953): 3.

5. The CGE was, at least, partly the response of second- and third-generation immigrants to the resiliency of the oligarchical structures of Argentine society. Their frustrated aspirations of social mobility and meaningful participation in the country's public life meshed with the federalist concerns of the provinces and the historic rivalry and opposition to Buenos Aires to create a unique ideology, an amalgam of nationalism and federalism, with a strong class component. To understand the history of the CGE and the presence of capitalist groups in the Peronist populist alliance, it is necessary to understand Argentina's special economic geography. Why some provinces were active members while others barely participated at all, and the role regional economies and local business cultures play in this history, are crucial questions in the history of the relationship between small business and Peronism. We attempt to offer some explanation of the provincial dynamic in the bourgeois component of Peronism in this and subsequent chapters.

by the traditional Buenos Aires elite and their British partners.⁶ While the provincial economies struggled during the Great Depression of the 1930s and only partially recovered during the war, the economy of Buenos Aires survived and flourished. In the provinces, where the “labor question” was only now becoming known and where even a successful businessman such as Gelbard was often only a generation removed from the humblest beginnings and frequently lived little better than his employees or workers, Perón’s antioligarchic discourse was positively exhilarating. To address what they saw as the distortions resulting from Buenos Aires’ near century-long domination of the national economy and the desire to reestablish a genuine economic federalism, these small businessmen supported state planning and some kind of corporatist structure.⁷

The CGE was a persistent advocate of the “gremialization” of business, of the need to “organize” and “harmonize” the interests of capital for the nation’s greater good. Peronist economic planning, whether in the form of the state grain-buying board (IAPI), the Five-Year Plans, or the activities of the Banco Industrial, received its warmest accolades. Foreign capital was to be carefully regulated and encouraged only in those areas beyond the means of national capital in order to introduce new methods of production and new technologies—but always within carefully prescribed limits and in accordance with a national economic plan.⁸ Similar to the history of the AAPIC and the CEA, the relationship between the CGE and Perón was for mutual advantage. Perón received the support of business because of his policies, while the CGE’s members were able to advance their interests through the state without the organization ever being fully absorbed by the Peronist government’s very rickety corporatist structures, although pressures were building on CGE by the time of Perón’s overthrow in 1955. The coup that toppled Perón’s government may well have saved the CGE from total absorption by the Peronist state.

The CGE’s internal proceedings are strikingly absent of paeans to Perón or gestures of allegiance to the regime. The moment of silence to honor

6. Cúneo, *Comportamiento y crisis*, 175–76. Throughout its history, the CGE’s positions remained fairly consistent. It advocated an expansionary monetary policy through the Banco Central, a government-supported and more vigorous Banco Industrial, ample credit, and a healthy domestic market. It also supported a considerable degree of state intervention in the economy, although less so in regard to capital-labor relations. Above all, the CGE was outspoken in its demand for provincial-regional economic development programs, protective measures for “national” industry, and public investment in technological and scientific research.

7. “If for organized labor individual action turned out to be ineffective, there is no way that it can be anything but the same for business. At the present moment, economic undertakings are not an individual effort but that of organized entities with functional affinities.” CGE Archive, “La crisis de la acción individual,” *Boletín Informativo*, no. 15 (February 18, 1954): 5.

8. Freels, *El sector industrial en la política nacional*, 96.

Eva Perón at her death was the closest thing to such a gesture, whereas on many occasions, the CGE took great pains to stress that its support for the state as an entity necessary to foment economic integration and development, and therefore of the government's policies, did not mean adherence to a political party (that is, the Justicialist Party) or regime.⁹ But there was greater ideological affinity between the Peronist state and the CGE than there had been with previous businessmen's organizations. Whether or not CGE or Gelbard were Peronist is immaterial. Gelbard himself claimed at one point to be a member of the Radical Party, and some evidence indicates a friendly relationship with the Communists.¹⁰ What is clear is an ideological compatibility and the interests of both in establishing organic links between business and the state.

Small businessmen from the provinces dominated the CGE, though, in these early years, there was a sizable representation of *porteño* interests, even some of the larger firms. Many members of the Bolsa de Comercio, the UIA, and the Sociedad Rural wished to retain good relations with the government and were official but inactive members of the CGE.¹¹ In the first six months of 1953, however, Gelbard traveled throughout the provinces to organize provincial "federations" in preparation for the upcoming elections of the CGE national leadership, and the organization's first executive committee, elected on August 16, 1953, was heavily weighted in favor of the provinces.¹² Once it was in power, the CGE executive body continued to

9. CGE Archive Actas de Asambleas, no. 1, 1954–55, Acta no. 4 (August 2, 1955): 65; *ibid.*, "CGE Memoria" 1954–55, 4.

10. Freels, *El sector industrial en la política nacional*, 78–80; Tass's correspondent in Argentina in these years, Isidoro Gilbert, published his exposé of the secret history of the Argentine Communist Party (PCA), in which he claims that Gelbard was not only a party member but also one of the PCA's principal benefactors. See Gilbert, *El oro de Moscú*, 232–52. Seoane's biography of Gelbard, *El burgués maldito*, offers a similar assessment of Gelbard ties to the Communists, though the evidence presented is largely circumstantial.

11. When Perón interdicted the UIA in 1946, he prohibited the entry of new members into the organization. Some members left to join the AAPIC, the CEA, and finally the CGE. With stagnating, even declining, membership, the UIA's finances were badly hurt, and it was barely functioning when it was finally abolished in 1953. Perón also pressured Sociedad Rural members to join the CGE, which is why a few *estancieros* were found on its first executive board. The Sociedad Rural's attitude toward the CGE was, however, generally hostile.

12. The members of this first executive committee, their principal business interests, and home province or city were as follows: José B. Gelbard, retail, Catamarca; first vice president, Agustín Seghezzeo, lumber, Catamarca; second vice president, Francisco Murro, retail, federal capital; secretary, José Gregorio de Elordy, *estanciero*, Buenos Aires; undersecretary, Héctor Tortosa, lumber, sawmill owner, Misiones; treasurer, Juan Martínez Centeno, retail, federal capital; vice treasurer, A. Oscar Blake, machinery manufacturer, La Plata. Delegates: Roberto Aragone, wholesale business, Mar del Plata; Victor Manuello, metalworking plant, Rosario; Francisco Lucena Racero, food processing industry, vineyards, Mendoza; Carlos Carlini Carranza, metalworking plant, Buenos Aires; Dr. Camilo O. Matta, lawyer, La Rioja; Roberto Mercier, landowner, Buenos Aires; Luis Pincolini, vineyards, Mendoza.

devote the bulk of its organizing efforts to the provinces, and Gelbard led organizing delegations to Paraná, Santa Fe, Rosario, Mendoza, Catamarca, Tucumán, Jujuy, Salta, Río Negro, Córdoba, San Juan, and San Luis between June 1954 and May 1955.¹³ The CGE also took an interest in the country's unsettled regions and established the Comisión de Zonas Menos Desarrolladas, holding conferences in Comodoro Rivadavia and La Rioja in 1954 and in March 1955 and sponsoring the first Congreso Económico de la Patagonia.¹⁴

The disadvantage of receiving its sustenance from the provinces was that the CGE was under unremitting pressure to resolve the interior's severe economic problems, a situation that caused great tension among its members, each representing a regional economy with interests not necessarily compatible with those of the other members. For example, the small Tucumán sugar producers repeatedly insisted that the CGE focus on a program to ensure price supports for their industry, while wine producers from Mendoza and San Juan demanded the same for their industry. In two cases, Gelbard resolutely refused to commit the organization to a campaign for sugar price supports while the CGE balked at an employers' strike by the wine producers making the same demands.¹⁵

The CGE's rather complex structure was very much in keeping with Perón's concept of the "organized community." The organization's three divisions, the Confederación de la Industria (industry), the Confederación del Comercio (commerce), and the Confederación de Producción (agriculture) were organized at the grassroots level, usually through local chambers of commerce but also through sundry local industrialist, commercial, and agricultural associations, which elected in turn provincial federations. The provincial federations (including the territories and federal district) elected the three national confederations that chose the CGE central body, with industry, commerce, and agriculture given equal representation on the CGE executive committee. The federations also sent representatives of their own, two per province, who sat on the CGE executive committee, thereby ensuring the preponderant influence of the provinces. In addition, a few federations existed that grouped together at the national level a single economic activity by sector (the shoe industry was the most important) and which also participated in

Alternate delegates: Camilo J. Matta, food processing, cotton, and textiles, Chaco; Carmelo Calarco, retail, Buenos Aires; Juan Tártara, lumber, sawmill owner, Tucumán; Eduardo Azareto, food processing, Buenos Aires; Juan Sánchez Taranzo, sugar mills, Tucumán.

13. CGE Archive, "Actas de Asambleas," Acta no. 4 (August 2, 1955): 80–81.

14. Castel, *Empresariado nacional y cambios sociales*, 64.

15. CGE Archive, "Actas de Comisión Directiva," 1953–54, Acta no. 12 (December 17, 1953): 4–5; *ibid.*, Acta no. 13 (February 1, 1954): 6–10.

choosing representatives for the executive council. In the national assemblies called from time to time, the votes were proportionally distributed to regional blocs according to the number of affiliates each had. At these levels, businesses were given an equal vote, a situation that meant small business dominated the organization although the bigger companies largely subsidized it, as every enterprise had to contribute one-tenth of 1 percent of its annual profits to the CGE's coffers.¹⁶

The CGE thus had strong federalist roots and was more representative of small provincial business than it was of the country's leading firms and economic interests. Perón nonetheless accepted the CGE as the necessary preliminary step to creating the organization representing business that he now urgently needed, and he eventually supported the new businessmen's central. Gelbard had a seat at cabinet meetings and the CGE executive committee sat on the government's Comisión Económica Consultiva through membership on the latter's myriad subcommittees (prices, housing, foreign commerce, cost of living, transport, labor relations, and others) to provide counsel on government policy. The CGE exercised a considerable degree of influence on government economic policy in the final years of Perón's government. For example, in 1953 Perón instructed the Finance Ministry to include the CGE as the employers' sole representative in economic planning, specifically as a participant in determining the precise role to be played by the Banco Industrial in the government's Second Five-Year Plan.¹⁷ In 1954, the Central Bank began to grant import licenses for industrial machinery on the basis of plans prepared jointly by the government and the CGE.¹⁸ However, the CGE's federalism, democratic practices, and reliance on the small businessmen of the interior meant that the organization never fit squarely with Perón's purposes.¹⁹

16. Cúneo, *Comportamiento*, 173–75; Lewis, *The Crisis of Argentine Capitalism*; Jáuregui, "Prometeo encadenado," 66–67.

17. Banco Industrial Archive, "Ministerio de Finanzas," no. 42152, Letter from Dr. José Robles, Secretary General, Ministry of Finance, to Ing. Julio Canessa, president of the Banco Industrial, November 30, 1953.

18. Díaz Alejandro, *Essays on the Economic History of the Argentine Republic*, 261.

19. Perón's displeasure with having to accept the CGE as the representative of business in his "organized community" becomes clearer if we keep in mind the centralizing tendencies of his government. Under the Second Five-Year Plan, for example, the provinces were deprived of even more of their autonomy, with public works projects the sole responsibility of the federal government; provincial penal codes abolished; the Ministry of Education asserting direct control over curricula, books, and teaching methods; and all social welfare activities and agencies assigned to the jurisdiction of the Eva Perón Foundation. See García Zamor, *Public Administration and Social Changes in Argentina*, 129–30. The CGE accepted this centralism in return for a greater share of the federal budget for the interior and a five-year plan that unquestionably had a national scope and aimed to stimulate economic development

The distant, harsh northeastern province of the Chaco demonstrates the complex nature of the support that Peronism drew from the provincial bourgeoisie. The Chaco's economic federation was one of the mainstays of the CGE from the peak association's origins through the return of Peronism to power in the early 1970s. Diverse sectors of the province's capitalist classes identified with and supported Perón's government to varying degrees and for different reasons. The Chaco's more prosperous cotton farmers saw in Peronist rule a government interested in expanding the national market for domestically produced cotton and in promoting the cooperative movement, which had been a part of the Chaco's agrarian capitalism since the 1930s. A small class of industrialists, closely linked to the cooperatives and the province's cotton economy, also welcomed government support to promote further industrial development. The small factories (*desmotadoras*) in which the cotton seeds were ginned from the raw cotton, others devoted to the extraction of oil from the seeds, and even a small local textile industry had somewhat diversified the Chaco's predominantly agrarian economy.²⁰ Commerce had multiple grievances that it sought to redress under Peronist rule. Owners of retail establishments in Resistencia, the provincial capital, complained of transport monopolies that raised the cost of their goods and burdensome federal taxes that suffocated small business and did little to encourage provincial development. Perón's government seemed to provide a vehicle to redress diverse problems of a peripheral economy through the project of national capitalist development that Perón championed.

From the beginning, Chaco's fortunes were closely bound to Perón's government. At the start of Peronist rule, the Chaco was not yet even a province but a "territory" under federal jurisdiction. In many ways, it remained an untamed frontier at the time of Perón's rise to power. The Chaco's indigenous peoples—the Toba and the Mataco—had been the last to be subdued in

in the provinces. The CGE's history should encourage historians to reconsider the importance of federalism as a theme in twentieth-century Argentine history. In general, federalism disappears from the historiography after the consolidation of the state and a strong national government in the late nineteenth century. This and subsequent chapters should make clear that this is an oversight, that demands for greater provincial autonomy and federalist visions of nationalism remained. Indeed, a principal argument of this book is that one consequence of Peronism was the rise of a new federalism in Argentina, one that became linked with an antimonopolist populism.

20. The growth of industry was certainly modest by national standards. Nonetheless, the industrial censuses of 1946 and 1954 show an increase of manufacturing industry in the province from 1,328 establishments employing 12,772 workers in 1946 to 2,453 establishments and 17,969 workers employed in 1954. See *Censo Industrial* (1946): 87 and *Censo Industrial* (1954): 71. The small local textile industry complained about the big Buenos Aires firms' ability to monopolize credit, to modernize their plants, and to import primary inputs, leading to a concentration of the industry and the inability of small firms, especially in the provinces, to compete.

military conquest, and only since the early twentieth century had its hardwood forests of *quebracho* and *algarrobo* attracted investment and stimulated some colonization. Beginning in the 1920s, with international prices high for cotton, “white gold” began to be cultivated on a large scale, and European immigration to the province started to reshape the demographic and social landscape of what had heretofore been an inhospitable backwater of Argentina. The immigrant small cotton farmer, Indian migrant cotton picker, and Creole lumberjack were the three social archetypes of a rude life in a hardscrabble land when Perón began his dramatic rise to power.²¹

As a frontier and territory, the Chaco lacked an established party or even political tradition, thereby creating a distinct cultural context, which meshed well with a populist movement such as Peronism. The procedures and formalities of liberal democracy were little valued by a population lacking political rights and struggling for survival in an inhospitable environment. Like most frontier peoples, the *chaqueños* were pragmatic and results oriented. They were not the solitary pioneers of North American lore but increasingly looked to government and to state intervention to help ameliorate the region’s marginality and periodic economic crises. Social unrest had been on the rise in the 1930s and continued through the next decade because of depressed cotton prices between 1934 and 1939. Through the 1930s and 1940s, the Chaco’s principal newspaper, *El Territorio*, demanded improved transportation, public health, education (especially technical education), pesticides to combat insect plagues, and other life and death concerns of frontier society. Perón’s government was the first to pay serious heed to these demands. In the process, the Chaco became, for several decades, one of the most staunchly Peronist provinces in the country.

Cotton was certainly king in this provincial backwater. In 1922, capitalist investors established the Asociación de Fomento y Defensa de los Intereses del Chaco to protect private development of the region’s coveted fiber. Amid the great boom in the region’s cotton economy in the 1920s, two government decrees, the first in 1924 and the second in 1927, forbade hiring indigenous workers outside of their local community. Rather than an act of benevolence to the Toba and Mataco Indians, it was a blatant concession to the capitalists of the association who wished to end the siphoning off of native labor nearby sugar-producing northwest economies practiced. Local investors henceforth could count on Indian labor to work in the cotton fields as well as on migrants from nearby provinces, especially Corrientes and

21. The Chaco is one of the most neglected provinces in Argentine historiography. The great exception is the magisterial study of Miranda, *Tres ciclos chaqueños*.

later Formosa. The power of the association as a lobby was revealed when, in 1928, it strongly opposed a bill in the Congress to make the Chaco a province, a status that would have introduced partisan politics and ended the association's free hand in exploiting the territory's wealth.²²

The association's major source of labor, however, was European immigrants. Because of the limited profitability relative to costs in growing cotton, the agricultural development of the Chaco was left to small and medium-sized farms that depended on family labor supplemented by seasonal migrants and Indian day workers. The large capitalist enterprises represented in the association dominated commercialization and, to a certain extent, the ancillary industrial sector but not agricultural production.²³ Enticed by the offer of public lands, Eastern European, Italian, Spanish, and German immigrants settled predominantly in the territory's south-eastern cotton-growing region, especially in three municipalities: Charata, Presidente Roque Saénz Peña, and Villa Angela.²⁴ Cotton cultivation expanded throughout the 1920s.²⁵ In the 1930s, the price of the Chaco's cotton, on the rise since cultivation had begun in earnest around 1910, declined sharply. The expansion of the national textile industry during the depression years coupled with the Justo government's 1935 establishment of Junta Nacional de Algodón, to control cotton production and regulate prices, nonetheless allowed the industry to continue to expand in the 1930s.²⁶

The last wave of immigrants arrived in the late 1930s, a decade of both opportunity and hardship in the region. Domestic demand for the Chaco's cotton increased because of the growth of the domestic textile industry but not enough to prevent a fall in prices during the Depression, which paved

22. *El Chaco*, Año 1, no. 1 (September 1928): 7–9.

23. Iñigo Carrera, *La colonización del Chaco*, 10–14; Próspero Roze, *Conflictos agrarios en la Argentina*, 1:19.

24. The Chaco's immigration was perhaps the most diverse and certainly is the least studied in Argentina's history. A journalistic investigation at the time showed the largest group of immigrants in the 1920s had come from Poland, followed by Italy, Yugoslavia, Bulgaria, Spain, Germany, Czechoslovakia, and Romania. See *La Voz del Chaco*, Año 15 (January 1930) in which immigration figures for the 1920s are given. The fact that these immigrants largely came at their own expense, were not financed by colonizing companies, and that this extremely diverse immigration was from countries where cotton cultivation was unknown, merits a study in itself.

25. In 1928, the Chaco already produced more than 90 percent of the country's cotton. In 1928–29, the Chaco produced 84,874 tons of cotton. Second was the province of Corrientes, which produced a mere 6,434 tons. By 1933, the Chaco's annual cotton production had increased to 103,159 tons, while that of Corrientes had actually declined to 5,643 tons. Biblioteca del Banco Tornquist, Ministerio de Agricultura de la Nación, "El algodón. Desarrollo y principales zonas de cultivo en el país. Estudio técnico-cultural y económico-social de su explotación y comercialización en el Territorio del Chaco," Buenos Aires, 1934.

26. Iñigo Carrera and Podestá, *Movimiento social y alianza de obreros y campesinos*, 88.

the way for the great social mobilizations in the province between 1934 and 1936. Chaco was a region already rich in the history of “subaltern resistance,” in millenarian movements, social banditry, and labor strikes. This greatest example of popular protest came amid the Depression with an alliance of farmers, merchants, and rural and industrial workers in demand for state price supports.²⁷ The mobilizations did not achieve their immediate goals of establishing a fixed price for the cotton farmers (*colonos*) or improving wages and working conditions for agricultural and industrial workers, but the one particularly important long-term consequence was the consolidation of cooperatives as the bedrock of Chaco’s agrarian capitalism. So called cooperatives had existed for a number of years in the territory and had represented the most prosperous *colonos*, with close ties to Bunge y Born and Dreyfus, the great grain brokerage firms that also dominated the commercialization of the Chaco’s cotton. The cooperatives represented the most privileged sector of local agrarian society and had opposed the 1934–36 strikes. But after 1936, as the global depression deepened and prices for cotton continued to fall, the independent *colono* had great difficulty in surviving, and cooperatives became the standard form of organization among small cotton farmers, consolidating in the process economic power and the cotton economy.

By 1944, the Chaco could claim some four hundred fifty thousand inhabitants, double what the population had been just ten years before.²⁸ Despite the problem with prices, cotton production had expanded. In 1933, 83 percent of domestic consumption of cotton was filled by imports. By 1940, domestically produced cotton filled nearly 40 percent of the national demand. Social tensions had accompanied this economic expansion, which the 1943–46 military government began to address. A major concern was the status of the territory’s large migrant farmworker population. A decade before, a government report had noted the existence of some twenty thousand to twenty-five thousand *braceros*, migrant workers who came to the Chaco for the annual cotton harvest, returning to their home provinces after the harvest was completed. Working conditions for these *braceros* were onerous. Payment was based on the amount of cotton picked (an average of about fifty kilograms a day), and at least one government report claimed

27. Korzeniewicz, “Labor Unrest in Argentina, 1930–1943,” 20–21; Iñigo Carrera, and Podestá, *Movimiento social y alianza de obreros y campesinos*, 84–87. As Korzeniewicz points out, this sort of mobilization was common in the countryside in the 1930s and took place in the grain- and corn-producing regions as well.

28. Altamirano, Dellamea de Prieto, and Sbardella, *Historia del Chaco*, 234.

that the *colonos* had adopted the practice of charging exorbitant prices for the food sold their migrant workers, a practice that was prompting *braceros* to negotiate the price of provisions with *colonos* before accepting work.²⁹

Perón's labor reforms in the countryside included the stability of employment and land tenure, the application of national wages scales to agricultural workers, the establishment of a maximum workday and strict guidelines on housing for agricultural workers. Such reforms were generally received with great hostility by the Association (now the Asociación de los Territorios Chaco y Formosa).³⁰ Unionization was another novelty Perón introduced. Particularly after his election as president, efforts at rural unionization in the Chaco increased notably.³¹ But not all of Perón's organizational efforts were unwelcome by Chaco's capitalist classes. The cooperative movement, a pet project of Perón, promoted for regulating production and especially to improve marketing and to eliminate middlemen, received a notable boost in the Chaco under Peronist rule. Whereas the cooperatives had once represented the *kulaks* of local rural society, during Perón's government they became a more widespread phenomenon.³²

By the end of Perón's government, there were reportedly some twenty-seven cooperatives in the Chaco, the vast majority of them grouped together in the Unión de Cooperativas Agrícolas Chaqueñas Ltda.³³ This organization,

29. Ministerio de Agricultura, "El algodón: Desarrollo y principales zonas de cultivo en el país" (1934): 22.

30. *El Chaco*, Año 18, no. 190 (March 1944): 9–10; *ibid.*, Año 19, no. 198 (July 1945): 7–8. The association argued that the characteristics of work on the cotton estates, and in the local timber industry as well, made piecework (*el trabajo a destajo*) the only economically rational one to exploit the Chaco's resources. It argued as well that the nature of the labor force—migratory and with few roots to the land—reinforced this characteristic. Perón's reforms, it was claimed, would only aggravate what was already a serious social problem among the migrant workers: vagrancy and alcohol consumption.

31. Archivo de la Provincia del Chaco (henceforth APC), "Asuntos Laborales, 1924–1952," Legajo no. 3, "Presidencia Roca 1947"; *ibid.*, Legajo, "Sindicato Obreros Hacheros y Afines, Capitán Solari" and "Sindicato Hacheros y Peones Rurales."

32. Perón's encouragement of the cooperative movement antedated his election as president, but largely were ignored. The one notable exception was the Chaco. The U.S. embassy plausibly speculated that this was because of the Chaco's already established tradition of cooperatives. See U.S. Department of State, Papers Related to the Internal Affairs of Argentina, "Tendency Towards State-Directed Economy in Argentina," 835.50/5-2645 (May 24, 1945).

33. First established in 1934 and representing then some twelve cooperatives for marketing cotton and avoiding the commercial middlemen who drove down prices, by the end of Perón's government the members of this organization were as follows: Cooperativa Presidencia Roque Sáenz Peña, Cooperativa El Progreso, Cooperativa La Unión, Cooperativa Tres Islotes, Cooperativa Castelli, Cooperativa Unión y Trabajo, Cooperativa Machagai, Cooperativa Unión y Progreso, Cooperativa Toba Algodonera, Cooperativa Carlos Pellegrini, Cooperativa Colonia Elisa, Cooperativa Labor, Cooperative El Triunfo, Cooperativa La Defensa, Cooperativa Corzuela, Cooperativa Charata, Cooperativa Agrícola y Caja Reg. De Préstamos y Ahorros de Las Breñas, Cooperativa Villa Angela Ltda., Cooperativa Ideal, Cooperativa Colonos Unidos, Cooperativa Las Garcitas. AGN, Asuntos Técnicos, Legajo "Unión Cooperativas Agrícolas Chanqueñas," 1953.

at Perón's urging, even began to organize cooperatives in neighboring provinces and claimed to have had some success in Formosa.³⁴ Some of the larger cooperatives were wealthy and powerful enough to go it alone. One of the most important, the Cooperativa Ministro Le Bretón, reportedly had a membership of more than one thousand in 1951. Established in 1920, Ministro Le Bretón was one of the oldest cooperatives. During Perón's government, it had a permanent representative in Buenos Aires responsible for directly marketing the cooperative's cotton with large domestic textile firms. The cooperative also owned its own cottonseed oil factory, and a second representative in Buenos Aires was responsible for selling its cottonseed oil to IAPI. The Ministro Le Bretón cooperative was powerful enough that it purchased and marketed cotton from other cooperatives.³⁵ Despite its own monopolist practices, the discourse of this cooperative and others was that the cooperative movement embarked on a crusade to combat both the commercial and industrial "trusts" and make the cooperatives the building blocs of a new order in the countryside, integrating both the agricultural and industrial parts of cotton production and marketing their product directly to consumers.³⁶

Cooperatives such as Ministro Le Bretón did not initially respond favorably to Perón. As with the case of the commercial interests represented in the association, Perón's reforms were at first harshly criticized by this cooperative and the Chaco's cotton farmers in general.³⁷ Perón's late 1945 decree, which granted a wage increase and established the *aguinaldo*, coincided with a drop in the price of cotton following a series of bad harvests. Rather than wage concessions to workers, the local agrarian bourgeoisie demanded government price supports and a reduction in freight rates.³⁸ Employer resistance mobilized throughout the month in the Chaco, in the countryside and in the towns, and local business overwhelmingly adhered to the January 1946 employer lockout.³⁹ Following Perón's election, some cooperatives, such as Le Bretón, remained initially critical of Peronist economic policies, especially of the establishment of a state monopoly on the commercialization of agricultural products through the IAPI and government

34. *Memoria y Balance*, Unión de Cooperativas Agrícolas Chaqueñas Ltda. (1953): 16.

35. *La nueva provincia*, Año 1, no. 1 (October 1951): 10–12.

36. *Boletín Informativo: Cooperativa Agrícola Ministro Le Bretón Ltda.*, Año 3, no. 28 (September 1946): 3–5; *ibid.*, Año 3, no. 35 (April 1947): 5.

37. *Boletín Informativo. Cooperativo Agrícola Ministro Le Bretón Ltda.*, Año 3, no. 27 (August 1946): 5; *El Territorio* (January 12, 1946): 3; *ibid.* (January 14, 1946): 3.

38. *El Territorio* (January 5, 1946): 3; *ibid.* (January 10, 1946): 3; *ibid.* (January 14, 1946), 3; *ibid.* (January 15, 1946), 3.

39. *El Territorio* (January 15, 1946): 3; *ibid.* (January 16, 1946): 3.

intervention in establishing wage rates for agricultural labor, revealing an adherence to positions akin to economic liberalism than to the publicly espoused philosophy of the cooperatives.⁴⁰ Indeed, despite the romantic image surrounding the cooperatives in local folklore, the cooperative movement needs to be understood as an instrument of a fraction of the agrarian bourgeoisie to combat powerful capitalist groups, first the association and then the great agro-export firms, such as Dreyfus and Bunge y Born. The cooperatives' initial hostility to Perón as well as their subsequent attraction to certain facets of Peronist economic policies were therefore not surprising.

Relations between the Chaco's cotton farmers and Perón remained frosty for several years but grew more amicable as Perón's government adopted economic policies that greatly benefited the local economy. A booming consumer market and flourishing textile industry that increased the demand for cotton partly explained the rapprochement between the Chaco's capitalist classes and Perón. Perón's establishment of the Fábrica Nacional de Envases Textiles and the Corporación Argentina de la Tejeduría Doméstica for supplying Argentine agriculture, with all its bagging needs, guaranteed a market for the Chaco's lower-grade cottons.⁴¹ A government decision in 1949 establishing minimum prices for various grades of cotton was another welcome Peronist initiative. The IAPI bought cotton at higher prices and on better terms than the private commercial firms had offered.⁴² Perón also built on an initiative of the previous military government. In 1944, the country's military leaders sponsored the first Fiesta de Algodón, accompanied by a conference on problems of the local cotton industry. These cotton festivals grew more elaborate each year during Perón's government, with preparations involving increasing numbers of the province's population and overseen by the Dirección de Algodón, a department within Secretaría

40. *El Territorio* (January 24, 1947): 2; *ibid.* (March 21, 1947): 7; *ibid.* (April 2, 1947): 2; *ibid.* (January 31, 1949): 2; *ibid.* (February 19, 1949): 2; *ibid.* (February 22, 1949): 2. Le Bretón's hostility to IAPI did not characterize the sentiment of all the province's cooperatives, which would by and large come to support IAPI, claiming it paid higher prices and under better conditions than the established export companies such as Dreyfus and Borne. See Piñero and Caracciolo, *Historia económica del Chaco*, 38. The agricultural sector's hostility to IAPI in the Chaco and elsewhere in the country was confined to the more privileged fractions of the agrarian bourgeoisie while small farming interests in the country supported IAPI's policies. For example, the "Cámara Argentina de la Industria de Oleaginosas," which represented small grain producers in the pampean provinces, urged state intervention and praised the IAPI, talking of the "progressive principle of state-controlled commercialization" and condemning the "moral damage" caused by the speculative activities of middlemen. AGN, Asuntos Técnicos, Presidencia Juan Domingo Perón, Legajo 461 "Planificación ordenada del comercio de granos," A report by the Cámara Argentina de la Industria de Oleaginosas" (1950).

41. Girbal-Blacha, *Mitos, paradojas y realidades en la Argentina peronista*, 198.

42. *El Territorio* (March 12, 1949): 1; Sidicaro, *Los tres peronismos*, 76–77.

de Industria y Agricultura. The annual festival in Resistencia had parades with floats representing individual cooperatives, on which rode the cooperatives' "queens," contenders for the pageant's "cotton queen."⁴³

Beyond the symbolic, Perón's government offered local cotton interests concrete solutions for pressing concerns. In the 1930s and 1940s, problems with land ownership, tenancy, and volatile cotton prices led to a massive rural exodus to towns and cities. By 1947, as high as 80 percent of the territory's population was urban.⁴⁴ Perón's reforms initially only exacerbated the cotton growers' labor problems, but by 1949, healthy prices for cotton offset high labor costs and even led to increased production.⁴⁵ Then, as president, particularly in his second administration, Perón undertook significant measures to address the growing labor shortage. For example, under the Second Five-Year Plan, plans were drawn to supplement the local labor market with Paraguayan migrant workers. This measure was used for the first time in the 1951 cotton harvest. The government issued "work permits" that allowed migrant farmworkers to live up to six months in the cotton-growing provinces of the Northeast. Hence, Paraguayans were allowed to cross the border with minimum restrictions.⁴⁶

The Second Five-Year Plan also sought to overcome saturation in the national cotton market. By Perón's second administration, nearly all of domestic cotton consumption came from Argentine producers, overwhelmingly from the Chaco, but prices, though they had improved, remained stagnant at the same time that labor costs rose. By 1954, the Chaco's cotton producers were suffering with three years of sluggish prices at a time that labor costs had reputedly risen 30 percent, a situation that Chaco's cotton cultivators protested was putting them at a disadvantage with other emerging cotton-producing provinces, such as Formosa. The Chaco's cooperatives' proposed solution to remedy the situation was a \$600 per ton increase in the price of cotton, rather than lowering wages.⁴⁷ Neither was acceptable

43. APC, "Oro Chaqueño. Programa de la Primera Fiesta Nacional del Algodón" (1944); *Chaco y Formosa* 21, no. 216 (January 1947): 15. The Chaco's press gave extensive coverage to the annual cotton festivals; the preparations for these and the spectacle itself took on a carnival-like quality, and Peronist political imagery became increasingly prominent.

44. *El Chaco*, Año 21, no. 229 (February 1948): 5-6; *El Chaco*, Año 21, nos. 236-37 (September-October 1948): 5-6.

45. U.S. Department of State, Papers Related to the Internal Affairs of Argentina, "Argentine Cotton Situation," 835.61321/12-949, December 9, 1949.

46. AGN, Asuntos Técnicos, Presidencia Juan Domingo Perón, Legajo 473 "Chaco: Cooperativa Agrícola," 1951.

47. AGN, Asuntos Técnicos, Presidencia Juan Domingo Perón, Legajo 582 "Consejo Directivo General Interooperativa Agrario," Letter from Consejo Directivo Central Interooperativo Agrario to Dr. Raúl Mende, Minister of Technical Affairs, February 6, 1954.

to Perón's government, but the Second Five-Year Plan held out the prospect of raising cotton exports because the plan sought to increase efficiency and spur agricultural exports, including the Chaco's cotton economy, which had to exploit foreign markets.⁴⁸ In addition, increased costs were largely alleviated through other means as the Chaco's leading cotton cooperatives were favored recipients of low-interest public credit to the agrarian sector during the Peronist period.⁴⁹ Low-interest loans from the Banco Industrial and the Banco de la Nación had allowed the cooperatives to diversify into the industrial end of the cotton business though independent ownership of the *desmotadoras* predominated. The cotton-ginning factories in general were among the most favored of Chaco's industrial sectors by the credit of the Banco Industrial during Perón's governments and by the late 1940s were entirely satisfying national demand for cottonseed oil.⁵⁰ Similarly, the Chaco's cooperatives especially benefited from access to public loans—getting credit out of the usurious hands of the commercial interests—for marketing, paying wages, and sundry debts. Financial support allowed the cooperatives working through the Asociación de Cooperativas Argentinas to get virtual control of the marketing of cotton, ending a long-standing grievance of the cotton producers over the speculative behavior of the commercial middlemen.⁵¹

Perón's government oversaw a significant reorganization of economic, social, and political power in the territory. The first manifestation was the conversion of the territory into a province. It was baptized Juan Domingo Perón Province in 1948. Granting provincial status gave the province a new political influence, and as the Chaco's former masters in the association had feared, partisan politics was introduced into the region. Social relations were also affected to some degree by government measures such as Decree 18,886 that allowed squatters (of which there were a great deal in this former territory) on public lands to petition for ownership.⁵² But Perón's social measures

48. On the Second Five-Year Plan's goal to increase agricultural productivity and foment exports, see Ministerio de Industria y Comercio, "La misión del Ministerio de Industria y Comercio en el Segundo Plan Quinquennial" (1953).

49. Girbal-Blacha, "Acerca de la vigencia de la Argentina agropecuaria, 86–87, 96.

50. Girbal-Blacha, *Mitos, paradojas y realidades en la Argentina peronista (1946–1955)*, 59, 66–69, 198.

51. According to Girbal-Blacha's detailed study of public credit, most of the Chaco's cotton cooperatives received sizable, low-interest loans from public sources, especially the *Banco de la Nación* and the *Banco Industrial*, during Perón's government. The Chaco's greatest accomplishment under Peronist governments, contends this author, was getting control of the fiber's marketing. See *Mitos, paradojas y realidades de la Argentina peronista*, 197–210.

52. *El Chaco* 21, no. 218 (March 1947): 9; *ibid.*, 22, no. 230 (March 1948): 16–17. The precise extent to which Peronist legislation affected social relations in the countryside is still a little studied question in general, and for the Chaco, the situation is virtually *terra incognita*.

were generally not a magnitude to galvanize opposition to his government by the local capitalist classes and were offset by the many beneficial policies offered by Perón's government.

If agriculture and its ancillary industrial sector were cautious supporters of Perón, commerce was an enthusiastic ally. As was the case in the CGE's early years, the most powerful and active of the organization's three "confederations" in the Chaco was "commerce." Although this rubric included retail merchants, in reality, it was a heterogeneous, catchall category that encompassed small businessmen in transport (trucking companies), sundry services (insurance, banking, and retail), and even professional associations. The mobilization of these groups represented a mobilization of the provincial middle class and had begun, as elsewhere in the country, initially in opposition to Perón's reforms during the previous military government. But the mobilizations quickly assumed another character and sought to mobilize diverse economic interests in a federalist campaign for collective representation. An important municipality in the province such as Villa Angela, for example, stated its purpose to organize local businessmen in a *Cámara de Comercio e Industrial de Villa Angela* to foster cooperation between commerce, agriculture, and industry; to promote technical education; and to provide the working classes with educational and training programs.⁵³ Within a few years, similar organizations had developed elsewhere in the province. Gelbard saw the potential of the region and devoted a major part of his organizational efforts for the CAPIC there, assisted by Camilo J. Matta, a local lawyer with sundry business interests. By the early 1950s, business associations of a diverse nature had been established: the *Cámara de Comercio e Industria del Chaco*, the *Cámara del Comercio de Pres. Roque Saenz Peña.*, the *Centro de Industriales Panaderos*, the *Centro Madereros*, the *Centro de Constructores de Resistencia*, the *Centro de Contadores*, the *Centro de Fideeros*, among others. Gelbard's tour of the province in 1951 led to the establishment of the *Federación Económica del Chaco*, destined to be one of the CAPIC's and later CGE's strongholds, with a particular strength of its commercial confederation.⁵⁴

The Chaco's small-business interests had diverse problems that they hoped would be resolved through gremialization and government support. The third *Congreso Económico del Norte* held in Resistencia in 1951 became a forum for the Chaco's *bolicheros* to voice their concerns: credit, state

53. *El Territorio* (January 3, 1946): 3.

54. *El Territorio* (January 2, 1951): 2; *ibid.* (May 30, 1951): 2; *Villa Angel: Organó de la Cámara de Comercio e Industria de Villa Angela*, Año 2, no. 9 (May–June 1951): 17–19.

support for provincial economic development, industrial protection, technical education, and especially transportation were the sources of the greatest discontent.⁵⁵ Organization and membership in the CAPIC, and then the CGE, also permitted local small businessmen to lobby more effectively with the provincial and central governments. Everything from a local price freeze said to be hurting Resistencia merchants to complaints about mandatory contributions for the annual “cotton festival” could be voiced collectively and with a far better chance of satisfactory redress than in the past.⁵⁶

The Chaco’s bourgeoisie perhaps took the Peronist slogan of the “organized community” further, more literally, than that of any other in the country. A corporatist experiment, undoubtedly facilitated by the province’s history—the strength of corporatist-like organizations such as the cooperatives and weakness of political parties—was undertaken in the Chaco during Perón’s second administration. Local businessmen sat on a consultative body along with representatives of the CGT to supervise various government functions.⁵⁷ A typical concern was membership on a tribunal to hear charges by a newly established “economic police” against those arrested for engaging in speculation or charging usurious interest rates.⁵⁸ Local capitalist groups worked through the provincial federation and through the CGE, both of which could now count on significant support from the state. The province’s economic federation by late 1954 had emerged as one of the most active members of the CGE, enticed by Perón’s sponsorship of the organization, indeed his open promotion of the peak association by now.

Perón’s renewed determination to establish a solid businessmen’s organization was not strictly a result of his interest in strengthening the political base of his movement. The conjunctural crisis, the severe economic problems

55. *El Chaco*, Año 23, no. 272 (July–September 1951): 26. The transportation issue, the lack of it, and its high cost had prompted the Cámara de Comercio e Industria del Chaco to form a transport cooperative, similar to those that existed for agriculture. Archive of the Federación Económica del Chaco, Libro de Actas, 1953–55, Acta no. 52 (January 2, 1955): 139–41, where the problem with the inadequacy of the railroad service and lack of rolling stock, which raised the cost of goods and reinforced the province’s isolation, was discussed by local business interests. See also *El Territorio* (February 20, 1951): 2.

56. Archive of the Federación Económica del Chaco, File “Centro de Almaceneros Minoristas de Resistencia,” Letter from the Centro de Almaceneros Minoristas de Resistencia to Camilo Matta, president of the Federación Económica del Chaco, November 4, 1953; *ibid.* File “Cámara de Comercio e Industria de Resistencia, 1953–55,” Letter from the Cámara to the Federación Económica del Chaco, August 10, 1954.

57. Luna, *Perón y su tiempo*, 2:300–301.

58. Archive of the Federación Económica del Chaco, File “Cámara de Comercio e Industria de la Pcia. Presidente Perón,” Letter from Camilo J. Matta, president of the Federación Económica del Chaco to the Cámara, October 3, 1953.

of his second administration, also weighed heavily. Nowhere was Perón's interest in disciplining the unruly ways of business better displayed than in his conflict with the textile industry. Early on the CGE was assigned the task of getting both manufacturers and retailers in that industry to establish some restraint over prices.⁵⁹ However, Perón used the CGE to strengthen business's hand to lessen his dependence on the unions and to reverse declining labor productivity and increasing labor demands. The CGE stressed the concept of the "social function" of the business enterprise and was not behaving cynically in its claim to be deeply concerned with improving the standard of living of the working class. A thriving working class and expanding domestic market obviously suited the interests of the membership of the CGE, but there was some genuine sympathy with the concept of social justice as an instrument of national integration and Argentine glory.

Still, there were limits to class conciliation. Although the public discourse of the CGE stressed such ideas as "integration," "a social economy," and "a patriotic business sector," in its actual dealings with labor, the organization was somewhat more conventional. The CGE took less of a hard line as regards wage issues, since the majority of its members depended on a robust domestic market for their survival. Rather, taxes, productivity, and shop floor issues—the latter increasingly important because of the growth of its industrial wing—generally revealed that their ultimate allegiance was to the profitability of their own enterprises. The CGE took a firm position on the need to match increased wages with increased productivity to avoid inflation, a position it would maintain consistently from its origins through the Pacto Social of the Peronist government of the 1970s. Its internal debates and publications reveal that its members were most critical of precisely this facet of the government's economic policies—of its failure to maintain "balance," "order," and "reciprocity," in the collective bargaining process and to link wage hikes to increased productivity.⁶⁰

As time went on, the CGE widened the scope of its criticisms. The CGE's industrial wing became increasingly critical of the growing power of the unions in the workplace, objecting, for example, to the obligatory membership of foremen and technical personnel in the unions and the deleterious

59. CGE Archive, Libro de Actas de Comisión Directiva, 1952–53, Acta no. 11 (November 30, 1953): 31–34; U.S. State Department papers, Internal Affairs of Argentina, "Economic Affairs" 735. 00 (W)/3-1254, March 10, 1954.

60. CGE Archive, "Actas de Asambleas, Acta no. 2 (September 2, 1954): 15–18; "La CGE analiza la situación planteada en las tratativas para renovar los convenios de trabajo," CGE *Boletín Informativo* 1, no. 24 (April 29, 1954): 3–4; *ibid.*, "El gobierno de la empresa," 1, no. 27 (May 20, 1954): 3–4; *ibid.*, "Armonía social," 1, no. 28 (May 27, 1954): 3.

effect that had on labor discipline and productivity. Similarly, it complained about the abuse of the labor courts and what it derisively referred to as the *industria de despido*, which reputedly caused workers to provoke dismissal to receive handsome severance pay.⁶¹ Nor were its criticisms restricted to the shop floor. Soon it began to oppose the broad array of government's social welfare programs and populist economics generally. The CGE, for example, attacked Peronist housing policies and blamed rent control for the country's severe housing problem.⁶² Not even the seemingly sacrosanct Peronist trade union structure was immune from criticism, and the CGE proposed a revision of the industrial unionism established by Perón and its replacement with a more flexible system that allowed for the creation of "horizontal"—that is, craft—unions for skilled workers.⁶³

Perón was generally sympathetic to entreaties from business and likewise wished to curb the power of unions in the factory and to increase productivity. One of the first overtures regarding industry's concerns about productivity had been the opening in 1952 of the Universidad Obrera Nacional, with its main campus in the industrial suburb of Avellaneda and branch campuses throughout the country. Plans for this "worker university" had been drafted in Perón's First Five-Year Plan and was intended to foster scientific and technological education and thereby create a more highly skilled and presumably more productive labor force. In the statutes of the university, the board of directors was to include industrialists who were to influence curriculum development.⁶⁴ Such initiatives were particularly welcomed by metalworking industrialists whose industry, more than any other, was adversely affected by the shortage of skilled labor, with industry complaints of 40 percent personnel shortages among repairmen, machine tool, and machine operators, and as high 65 percent for lathe operators.⁶⁵ As part of Perón's initiative to foster scientific and technological education, the government also established the Centro Nacional de Documentación Científica y Técnica, to disseminate scientific and technological knowledge among the business community. Perón's government also created attachés in science and technology at Argentine embassies in the most developed countries for keeping abreast of the latest advances in those fields.

61. CGE Archive, "Actas de Asambleas," 1954, vol. 1, Acta no. 4 (August 2, 1955): 95–97; Confederación General Económica, *Memoria*, 1954–55, 46. In response to such criticisms, Perón allowed the CGE to assign advisors to the labor courts working out of the Labor and Social Welfare Ministry.

62. CGE Archive, Actas de Asambleas, 1954, vol. 1, Acta no. 2 (September 2, 1954): 34.

63. Confederación General Económica, *Memoria*, 1954–55, 46.

64. Biblioteca del Congreso, Colección Peronista, Ministerio de Educación, "Universidad Obrera Nacional: Reglamentos de Organización y Funcionamiento," 1953.

65. Schwartz, "The Argentine Experience," 65.

Perón also agreed to convoke two “productivity congresses” to redress the problems in the workplace resulting from his own labor policies; indeed, the initial impetus came from Perón rather than the CGE.⁶⁶ Along with the CGT, the CGE cosponsored the August 23–28, 1954, First Congreso de Organización y Relaciones del Trabajo. The CGE’s sponsorship of this conference was not a purely defensive measure. Members of its industrial wing especially had become deeply interested in American concepts of scientific management and in organizational reforms and, in fact, had criticized the UIA on numerous occasions not only for its members’ oligopolistic practices but also for their traditional management approach and “paternalistic” style, both of which the CGE criticized as obstacles to the creation of a modern industrial culture.⁶⁷ But the conference was largely intended to redress the balance of power in the workplace, now perceived to be too heavily weighted in favor of the unions. In Gelbard’s opening speech, this was expressed somewhat ambiguously when the CGE president declared the purpose of the conference to be the achievement of the “humanized rationalization” of the factory necessary to raise productivity high enough to meet wage demands that business was finding increasingly burdensome.⁶⁸ The conference’s sessions were devoted to issues of industrial relations such as industrial psychology, productivity incentives, training programs, and the scientific organization of the firm. Despite Gelbard’s expressed intent in a “humanized” rationalization, the conference’s principal suggestions was rather more conventional: the adoption of a carefully timed piecework systems to compensate for the technological limitations of Argentine industry and for the 10 percent decline in per capita production that the CGE claimed had occurred in Argentine factories between 1943 and 1953.⁶⁹

The second and more celebrated “productivity congress,” the Congreso Nacional de Productividad y Bienestar Social, held March 21–31, 1955, was also called at Perón’s insistence and, to judge from the CGE’s internal debates, was received with considerably less enthusiasm by the country’s business sector, at least those grouped in the CGE. Many were now doubtful about the possibility of implementing rationalization and productivity schemes, given the Peronist state’s greater reliance on the working class and the trade unions for support amid growing opposition to his regime. Nonetheless, the CGE repeated its insistence on the need to redress the balance of power

66. CGE Archive, Actas Comisión Directiva, 1954, 1, Acta no. 19 (June 28, 1954): 62–63.

67. Freels, *El sector industrial*, 18.

68. CGE Archive, “Apertura del Congreso: Palabras de Sr. José B. Gelbard,” CGE “Primer Congreso de Organización y Relaciones del Trabajo,” *Informe* (December 1954): 17–18.

69. CGE Archive, “Posibilidad de la Racionalización en Nuestro Medio,” *ibid.*, 64, 138.

in the workplace so as to improve productivity and to overcome the structural bottlenecks in Argentine industry, and it agreed to participate in the congress.⁷⁰ Theories of scientific management and industrial reform were discussed in a ten-day conference.⁷¹ Out of the congress emerged the Acuerdo Nacional de Productividad and the Instituto Nacional de Productividad, the latter was to monitor the implementation of the former with representatives from business and labor sitting together in permanent consultation. The proceedings of the congress, however, revealed the real obstacles to any consensus between business and labor on rationalization and productivity. The suggestions of unions, such as those of the light and power workers, the textile workers, and the construction workers, about how to make their industries more efficient invariably placed the full responsibility for any problems with efficiency and productivity on management. The construction workers' union, for example, suggested that the major problems in their industry were seasonal employment and subcontracting and urged their abolition.⁷²

The fall of Perón's government later that same year had the country's economic problems as a background but was not compelled by the unresolved issues of capital-labor relations. Indeed, the economy seemed to be improving by the time of the military coup that overthrew Perón. Unrest within the military's ranks over institutional slights; an escalating, wildly acrimonious dispute with the Catholic Church; and a citizenry weary of Perón's attempts to limit opposition to his regime, curtail free speech, and to continue its Peronization of public life were factors that undermined Perón's government. By the time of his overthrow, Perón's attempt to incorporate the Argentine bourgeoisie into his movement had produced some results, though the points of disagreement were as many as those of concordance. The capitalist classes' interests were so diverse and sometimes inimical and the

70. In a speech before the Federación Argentina Metalúrgica, Gelbard denied rumors that one of the purposes of the Congress was to establish "cogestión" between workers and management and to allow for worker participation in profits, stressing that the sine qua non of increased productivity was reestablishing shop floor authority and respect for authority within the firm. See *Metalurgia*, no. 170 (March 1955): 53–56. On the 1955 productivity congress, see Giménez Zapiola and Leguizamón, "La concertación peronista de 1955," and Bitrán, *El congreso de la productividad*.

71. Industrial psychology played an even more prominent role in the second productivity congress. Among the suggestions bandied about was the establishment of a *psicotécnico* exam by personnel departments to select those workers and managers best equipped, cognitively and emotionally, to handle the challenges of work in a modern industrial enterprise, including the flexibility needed to ensure maximum labor productivity. See *Productividad y Bienestar Social: Organo Oficial del Congreso Nacional de Productividad y Bienestar Social* 1, no. 16 (April 25, 1955): 459–60.

72. *Productividad y Bienestar Social: Organo Oficial del Congreso Nacional de Productividad y Bienestar Social* 1, no. 16 (April 25, 1955): 478, 485.

effects of Perón's policies on their interests so ambiguous and contradictory that a full identification with Perón and his movement such as that experienced by the working class was never achieved. The provincial bourgeoisie perhaps had moved further in that direction than the large industrial firms of Buenos Aires, but even in the provinces, the balance sheet was ambiguous.



SIX

THE "NATIONAL BOURGEOISIE" IN OPPOSITION FROM THE REVOLUCIÓN LIBERTADORA TO THE REVOLUCIÓN ARGENTINA

The Confederación General Económica (CGE) reacted to the fall of Perón in 1955 with relative indifference because it had been suspicious of Perón's intentions and may have been aware of the impossibility of realizing a balance between business and labor under his regime. The CGE did not stage an employers' strike and sought to maintain good relations with the new public authorities. Such neutrality was not to last. During the anti-Peronist reaction of General Pedro Aramburu's government (1955–58), those institutions most closely associated with the antiliberal animus of the fallen regime, including the CGE, suffered the greatest repression. Like the national labor confederation, the Confederación General del Trabajo (CGT), the CGE was interdicted in October 1955. It suffered an even greater repression than the Peronist labor movement when it was outlawed outright in December 1955. The CGE would not be resuscitated until June 1958. In the interim, the country's capitalist classes had begun to experience dramatic changes, intensifying during the subsequent Frondizi presidency from 1958 to 1962. The arrival of multinational corporations in such industries as automobiles and petrochemicals transformed Argentina's industrial structure, particularly in the provinces, where many multinational enterprises chose to establish their operations.¹ New business associations appeared, often representing industries that worked originally as suppliers to the multinationals, organizations

1. Schvarzer, *La industria que supimos conseguir*, 221–51.

such as the Cámara de Industriales Metalúrgicas de Córdoba (CIMC), the representative of the local auto parts manufacturers for the Cordoban automobile industry and eventually to emerge as a power in the industrial wing of the CGE, albeit one with very independent ways. Indeed, after 1955, the CGE would depend for even more of its support on the provinces but with provincial industrialists exercising much greater influence within the peak organization than in the past.

Perón's fall transformed the politics of the country's capitalist classes in other ways. Between 1952 and 1955, although businesses from the interior were the overwhelming majority in the CGE, most of the country's leading companies and principal business groups had eventually drifted over to it, realizing that Perón was prepared to deal with business only as a single corporate entity and that they would pay a high price for continued intransigence. But after Perón's fall, the majority of the country's biggest companies, predominantly firms located in and around Buenos Aires, returned to the resurrected UIA as well as the Sociedad Rural and the Bolsa de Comercio. The CGE might have been eclipsed altogether and it managed to survive thanks once again to the organizational efforts of businessmen for the northwest and northeast provinces. In 1956, the Federación Económica de Tucumán (FET) organized the fourth Congreso Económico del Norte Argentino, with the attending delegations from Tucumán, Catamarca, Chaco, Jujuy, Formosa, La Rioja, and Santiago del Estero all protesting what they described as the reestablishment of the dominance of Buenos Aires economic interests.² A subsequent conference of all the CGE's economic federations in Córdoba in September 1956 and again in Tucumán in July 1957, would more fully elaborate the nationalist positions of the provincial bourgeoisie and articulate the concerns of the regional economies, demanding economic decentralization, an industrialization program for the provinces, and improvements in technical education and transportation. Both conferences concluded with the delegates demanding the relegalization of the CGE.³ The CGE would outlive Perón's failed attempt to establish a corporatist role for business and the fall of his regime, even the proscription inflicted by the post-1955 military government, precisely because the organization continued to serve as a vehicle of economic and social groups that did not feel represented by the traditional business associations based in Buenos Aires.⁴

2. Cúneo, *Comportamiento y crisis de la clase empresaria*, 203–4; Federación Económica de Tucumán, *Memoria*, 37–38.

3. Cúneo, *Comportamiento y crisis de la clase empresaria*, 204–7.

4. The CGE's tenuous ties to the fallen regime were demonstrated in a lengthy issue of its publication *Opinión Económica*, published in December 1955, the month of the CGE's proscription by the government.

One of the most notable developments in the post-1955 history of the CGE was the growing influence of its industrial wing, the Confederación de Industria (CI). Whereas the CGE had been organized and led during its formative years from 1952 to 1955 largely by commercial groups and fractions of the agrarian bourgeoisie from the northwest and northeast provinces, the metalworking industrialists were destined to be new powers within the CGE after Frondizi restored the organization's legal status in 1958. Small commercial and agrarian interests remained influential and sometimes in conflict with the CGE's industrial wing.⁵ But the CGE's industrialists carried greater weight than before and influenced much of its activities. For example, at the insistence of metalworking industrialists, throughout the 1960s the CGE supported the activities of the Cámara Industrial de Fabricantes de Automotores, Repuestos y Afines (CIFARA) to deal with the growing crisis in the auto parts sector, and unfailingly sent delegations from its industrial wing to all CIFARA-sponsored events. Industrialists also influenced the CGE's initial support for Frondizi's program of industrialization with a vigorous state role in planning and regulation, though the organization soon came into conflict with the practical implications of the *desarrollista* program. It was on the basis of the demand for economic federalism and protection of national industry that the CGE would question Frondizi's and the *desarrollistas*'s plan for an industrial strategy based on multinational investment.⁶ The CGE especially objected to Frondizi's stabilization plans, his austerity agreement with the IMF, and the failure to support small business, and it

Its nationalist positions on industrialization, economic development, and other issues were reiterated, but price controls and various policies followed by the former Peronist government were criticized as well. See *Opinión Económica*, Año 2, no. 56 (December 1955).

5. Another innovation in the post-1955 period was the growing influence in the Confederación de Comercio of the small merchants—retailers for the most part—from the federal capital. This particular sector of the business community, although members of the organization since its founding, had not been influential in the formative years of the CGE, but they would be in the 1960s and 1970s. These merchants had a close working relationship with the commercial workers' union. They counted not only Peronists within their ranks but also many Radicals, Socialists, and Communists and identified not with the federalist sentiment compelling the CGE but with the antimonopolist populism increasingly a part of the CGE's ideology.

6. Frondizi, as part of his attempt to court Peronist support for his government, restored the CGE's legal status shortly after his election. Gelbard initially tried to cultivate a close relationship with Frondizi similar to what he had enjoyed with Perón, but the *desarrollistas*' economic policies were ultimately too incompatible with those of the CGE membership. See Szusterman, *Frondizi and the Politics of Developmentalism in Argentina, 1955, 177–78*. The CGE's refusal to support the *desarrollista* program would convert the latter into one of the organization's greatest adversaries. The CGE found itself increasingly criticized in these years by Frondizi's government and, in the 1960s and 1970s, by the *desarrollistas*. Destruction of the CGE, in fact, became one of *desarrollismo*'s principal objectives.

eventually proposed an alliance with the country's trade unions to oppose the *desarrollista* program.⁷

The fortunes of regional economies with the greatest lobbying influence within the organization also guided the CGE-affiliated federations' opposition to Frondizi's program. Despite the different nature of the Northeast economies (cotton in the Chaco and Formosa, cattle in Corrientes, tea and yerba maté in Misiones), the Northeastern provincial federations were able to find common cause on the region's transport problems (limited amount of railroad rack, different gauges from the rest of the country, poor maintenance of rolling stock, and the lack of paved roads) and hold a conference in Corrientes demanding action from the central government.⁸ Frondizi's tight fiscal policies also put a squeeze on credit and the Northeast's small and medium-sized firms, which united the regional economies in opposition to *desarrollista* policies. This opposition continued into the 1960s. In 1962, the Federación Económica del Chaco attempted unsuccessfully to pressure the new government that had replaced Frondizi's to reform the Banco Industrial's policy of not extending lines of credit to industrial establishments with fewer than three hundred workers. The federation requested that the Banco Industrial lower the required minimum number of workers to fifty and that agricultural establishments of this size be eligible for loans.⁹ Unable to receive redress from the government for these and other local problems, the Northeastern economies increasingly sought to lobby through the CGE. The CGE pressed both Frondizi's government and the interim government that replaced it after Frondizi's overthrow in 1962 to redress the problems of regional economies such as the Chaco's as part of a change in national economic policy, which included a business-labor advisory council

7. CGE Archive, Actas de Asambleas, 1954–1961, no. 1, “Acta de Reunión Extraordinaria del Consejo Superior de la CGE” (May 2, 1958): 146–51; *ibid.*, “Acta de la Asamblea Anual de la CGE” (April 25, 1960): 169–70. The breaking point was Frondizi's naming of the conservative leader Alvaro Alsogaray as his minister of economy. Gelbard then called all the trade union factions, Peronist and non-Peronist alike (the 62 *Organizaciones*, the 32 *Organizaciones*, the Communist-dominated MUCS, and the Gremios Independientes), to collaborate in formulating a common plan in opposition to the IMF agreements and Frondizi's austerity program. See Seoane, *El burgués maldito*, 111–14.

8. CGE Archive, “Jornadas Económicas del Nordeste Argentino,” Proceedings, October 14–18, 1959.

9. BI Archive, Correspondencia, Legajo 90145, Letter from the Federación Económica del Chaco to the Banco Industrial, July 2, 1962. The credit problem continued to plague the Chaco's small businessmen and create tensions within the federation. Several years later, owners of the cotton-ginning establishments were complaining that the cooperatives were receiving special treatment and had better access to credit. Archive of the Federación Económica del Chaco, “Libros de Asambleas Generales,” Acta no. 18 (July 10, 1966): 23–24.

(Consejo Económico Social), expansionary credit policies, opposition to IMF stabilization plans, even a federal housing program for needy families.¹⁰

The CGE henceforth was a major source of opposition to all governments that implemented so-called liberal economic programs. In the years following Perón's overthrow, the organization had developed its own unique ideology, free now from the countervailing pressures of the Peronist state but more open to those of Argentine society at large. Its very language changed, and it spoke no longer of the *fuerzas vivas* but rather of the *empresariado nacional*. Though it never questioned capitalism's legitimacy, the CGE championed "national businessmen" as the real agents of development, economic independence, and social reform, assailing the oligopolistic character of Argentine capitalism.¹¹ From its relegalization in 1958 until its disbanding by the military government in 1976, the CGE was a whirlwind of activities and easily the most dynamic business peak association in the country. It promoted a wide variety of undertakings: training courses for its members, lectures by Argentine and foreign economists and technical experts, and numerous conferences. The CGE was most active at the provincial level, sponsoring conferences on such diverse issues as rural electrification, the crisis in cotton production, and the effects of national economic policy on the local auto parts industry.

In Argentina, unlike the case of Brazil, it was thus not the organization representing the most powerful sector of the industrial bourgeoisie that was the dynamic spokesman for and promoter of industrialization (the case of the São Paulo-based FIESP), but one representing diverse provincial business interests and not exclusively industrialists. This was due to the conservatism and strength of the traditional export-financial interests represented in the Sociedad Rural, to the Bolsa de Comercio and the UIA's desultory history as a spokesperson for industrial interests. It was also due to the historic domination of the national economy by Buenos Aires—characteristics that in Argentina allowed the causes of industrialization and federalism to merge. For example, the CGE supported its own research institute to study problems of national economic development, the Instituto de Investigaciones Económicas y Financieras de la CGE. The institute had on its permanent staff some of the leading economists and social scientists in the country, without a counterpart among the big capitalist groups

10. *La Nación* (October 5, 1962): 4; *ibid.* (October 16, 1962): 4.

11. On the CGE's ideology, see two very interesting interviews with Gelbard, "La batalla empresaria," *Confirmado* 2, no. 58 (June 1966): 64–68, and "La rebelión de los empresarios," *Primera plana* 10, no. 470 (February 1972): 15–19.

represented in the UIA, Sociedad Rural, and Bolsa de Comercio, but comparable to the FIESP's endeavors along those lines.¹² The purpose of the institute was to study all facets of the national economy and "to consolidate business's point of view." This meant not only compiling useful information to its members but also allowing the CGE to make an intellectually and empirically elaborate contribution to the debate on national economic policy.¹³

Small businessmen enthusiastically participated in the CGE's undertakings for a number of reasons, and many of them speak of the real significance of Peronism and its transforming effects on the country's political culture. Peronism perhaps was most "revolutionary" in the changes it occasioned in creating a new political culture: changes in self-perceptions and in the opportunities it made available among previously excluded or marginalized groups to participate in politics. For small businessmen, the CGE was an outlet for political activity for those who had neither the time nor the inclination for heavy involvement in party work. In a country in which political connections were essential to conducting business—a characteristic that had become only more pronounced under Perón—participation in the CGE gave its members, or at least its more powerful ones, access to government ministries and allowed them to lobby effectively on issues of taxation, industrial promotion, state contracts, and preferential treatment for their business interests. The CGE's archive records frequent visits from provincial governors, congressmen and senators, and representatives of other politically powerful institutions such as the military. Having access to those with influence and power was certainly an attractive enticement for membership, especially

12. On the FIESP, see Barbara Weinstein, *For Social Peace in Brazil*, which deals specifically with the FIESP's activities to create and control an industrial workforce for São Paulo's growing industries. The contrast with the Brazilian case is very interesting. In Argentina, the Buenos Aires industrialists never managed to establish their hegemony among the country's capitalist groups the way the São Paulo industrialists did in Brazil. Diverse factors explain this. One was certainly the greater resiliency of Argentina's traditional export economy in the 1930s and during World War II, and consequently both the survival of the country's traditional agrarian elite and the dependence of much of industry on the export sector. But it was also due to the deeper roots of populism in Argentina than in Brazil. Perón never managed to establish anything approaching the working relationship with the country's big industrialists that Vargas enjoyed in Brazil, although he certainly tried to cultivate such a relationship. The Five-Year Plans, the *Universidad Obrera Nacional*, the productivity congresses, and the various businessmen's confederations such as the AAPIC and the CEA were all attempts to build such a relationship. But Perón was hamstrung by the nature of his movement, its more subversive content, and the greater mobilization and empowerment not only of the working class but also of small businessmen, who challenged the country's dominant economic interests in Buenos Aires. The CGE was a more consistent and active advocate than the UIA of the kind of state capitalism that the FIESP came to support.

13. CGE Archive, "Acerca de los objetivos y funcionamiento del Instituto de Investigaciones Económicas y Financieras," informe (1967).

for the highest officials in the organization, who were able to parlay their status as spokespersons for a business organization with a large membership in return for real benefits. The secret history of business deals, sweetheart contracts, kickbacks, and bribes, is certainly a part of this story.

Yet the self-interest of the CGE leadership does not alone adequately explain the organization's history. In the course of many businessmen's participation in the CGE, a sense of mission developed, which Gelbard played a great part in instilling. This mission could best be summarized as a belief in the liberating role of the country's small businessmen, the *bolicheros*, and the cause of federalism and economic nationalism that would allow the national bourgeoisie to spearhead the country's liberation in the crusade to create a demotic capitalism. The CGE's ideology became the driving force in the lives of many of its members. Even though all of the CGE's offices were *ad honorem*, there was a broad and sustained participation within the organization. Executive council meetings were held monthly, plenary sessions were called frequently, and attendance was generally high, despite the personal cost that travel to Buenos Aires entailed for its members. Internal debates rang out with the belief that the CGE was leading a campaign for the economic liberation of the country against the vested interests of the privileged, foreign and domestic. The ideology distilled in its public pronouncements and internal proceedings was an amalgam of federalism, nationalism, and developmentalism, with a strong class component. The organization's history was in large measure a history of the provincial middle class, a status reflected not only in the social background of its membership but in the ideology expressed in its public and programmatic statements in which ideas of "class harmony," "national development," and "sovereignty" permeated the CGE's public and private discourse.¹⁴

The CGE was perhaps most unique among organizations representing capitalist groups in its outspoken support for cooperation with the trade unions. This did not initially represent an outright alliance with Peronism because, at least until the emergence of radical, anticapitalist currents within organized labor at the end of the 1960s, the CGE expressed the belief that business should cooperate with all tendencies within the labor movement. But as time went on, the nationalist positions of the majority of the Peronist

14. To mention just one of numerous examples, see the *Confederación General Económica's* "Declaración sobre la Situación Nacional" (May 1962). Though the middle class is often viewed as a bastion of anti-Peronism, it is better to recognize a complex relationship with the Peronist movement and the popular nationalism that Peronism embodied. There were points of conflict but also ones of agreement and sympathy.

unions, as opposed to the anticapitalist positions of rival leftist unions, appeared as the only acceptable currents coming from the ranks of labor. In 1962, the CGE and the CGT worked out an agreement and common platform, supporting an improvement in the standard of living for the working class, expanding the domestic market, and strengthening “national business.” CGE representatives increasingly accompanied those from the CGT to the meetings of the International Labor Organization (ILO) in Geneva and the CGT was regularly invited to CGE-sponsored events. Two years after formulating the common platform with the CGT, the CGE drafted a proposal to modify it in accordance with the changed direction in the government’s economic policy. One of its first actions was to submit the report to the CGT for its perusal.¹⁵

Like the CGT, the CGE supported state intervention to strengthen national industry, the *empresa privada y nacional* so often extolled in Peronist discourse, with business and labor given a direct advisory role.¹⁶ The CGE denied any corporatist sympathies and claimed that its proposed Consejo Económico Social would merely formulate policy suggestions and certainly had no aspirations to replace the country’s political parties or representative institutions. Nevertheless, its message with regard to both labor and an advisory role for business was contradictory. Though it supported a role for labor in principle, it remained adamantly opposed to any encroachment by the unions on management’s prerogatives in the workplace. Alone among business organizations it supported a minimum wage law, yet it incessantly focused on the productivity problem and opposed in general the regime’s policies on generous severance pay for dismissed workers as much as the UIA did while questioning the efficacy of much of Peronist labor legislation.¹⁷ Labor mobilizations organized by the CGT such as the 1963 Semana de protesta and the 1964 Plan de lucha were initially supported, though subsequently criticized, albeit in language less harsh than that of other

15. CGE Archive, “Libro de Actas. Actas de Comisión Directiva,” Acta no. 91 (July 2, 1964): 167.

16. Freels, *El sector industrial*, 4043; Schwarzer, *Empresarios del pasado*, 136.

17. Given the limited resources of many of the firms represented in the CGE, such things may have hurt them even more than those of the UIA. Certainly, the CGE had trouble at times reconciling its populist ideology with the business concerns of its members. For example, at the height of its opposition to Frondizi’s policies and amid negotiating an alliance with the CGT, the CGE was requesting credit from the Ministry of Economy so that its members could pay the obligatory end-of-year bonus, the “aguinaldo,” CGE Archive, *Confederación General Económica: Memoria* (1960): 45. Similarly, the CGE, like the UIA, criticized a few years later a bill sponsored by Illia’s Radical government to increase the severance pay awarded to dismissed workers, emphasizing the financial burdens these indemnities implied for business. See Freels, *El sector industrial*, 88–89.

business organizations.¹⁸ Similarly, though it claimed to support representative democracy, it spoke more often of the need to overcome the chronic factionalism in Argentine politics and to establish effective state planning; its message was tinged with quasi-corporatist ideas.¹⁹

The assumption of power by the military and the establishment of the dictatorship of General Juan Carlos Onganía in 1966 ushered in a new period in the CGE's history. The CGE publicly opposed the "Argentine Revolution" on nationalist and federalist grounds. It harshly criticized the "denationalization" of Argentine banks and industries and demanded governmental protection for "national industry" and a closer regulation of the financial sector, with sufficient credit available for the country's small businessmen.²⁰ The CGE also became the forum for provincial opposition to Onganía, protesting, among other things, the government's intervention of the Federación Económica de Tucumán, the closing of Salta's tobacco employers association, and the "denationalization" of Mendoza's wine industry.²¹ In 1968, representatives from the CGE met in Córdoba and issued the so-called Declaration of Córdoba, the first major criticism of the government's economic program from the business community. The CGE subsequently took the position that the economic growth experienced by the country during the first three years of Onganía's government had benefited only Buenos Aires and the littoral provinces and that the rest of the country

18. CGE Archive, "Libro de Actas, Actas de Comisión Directiva," 1963-64, no. 3, Acta no. 69 (May 23, 1963): 53; *ibid.*, Acta no. 70 (June 6, 1963): 59; *ibid.*, Acta no. 88 (May 14, 1964): 151-52; *ibid.*, Acta no. 90 (June 4, 1964): 155; Niosi, *Los empresarios y el estado argentino (1955-1969)*, 135.

19. Freels, *El sector industrial*, 54-55, 88-89.

20. CGE Archive, "Libro de Actas, Actas de Comisión Directiva," no. 5, Acta no. 139/67 (1967): 45, 52. One of the most important concerns for small business remained that of credit. In Argentina's inflation-prone, high-interest economy, bank loans were increasingly the preserve of a relatively privileged few. In response to the dearth of capital, small business mobilized in a nationwide cooperative movement, promoting the so-called *cajas de crédito*, savings and loans banks outside the banking system that counted among their contributors everyone from some of the country's leading provincial businessmen to the Communist Party. The *cajas de crédito* were important sources of loans for small business from the late 1950s through the early 1970s. In 1967, Onganía's government attempted to establish a tighter regulatory control over them by granting jurisdiction over their activities to the Banco Central.

21. CGE Archive, "Libro de Actas, Actas de Comisión Directiva," 1968-71, no. 6, Acta 172/70 (February 19, 1970): 189, 267-68. To give another example of this provincial opposition, the businesses in the Chaco grouped in the Federación Económica del Chaco, still one of the most active federations of the CGE, objected to what they claimed was the increasing tendency toward economic centralization under Onganía and demanded a national economic policy to move the textile industry closer to the zones of cotton cultivation (that is, the northeast) as well as a major public works project in infrastructure. More generally, they urged a government in alliance between "the working class and national businessmen" to undertake "meaningful reform" and achieve "economic independence." Archive of the Federación Económica del Chaco, "CGE" file no. 6, 1970-1972, Circular, July 2, 1971.

had languished.²² Its provincial roots were revealed because it was virtually the only organization of national standing in the country to offer a balanced assessment of the great 1969 urban protest, the Cordobazo. The CGE emphasized its social and regional underpinnings rather than interpreting it, as the government and the principal business organizations did, as simply the work of leftist subversives.²³

In the course of the Onganía dictatorship, the CGE's ideology became more intransigent, as did that of many social actors in Argentina. Especially in the final years of the regime, in the midst of a great popular effervescence and radicalization of the country's political culture, CGE members began to talk more vociferously in public and in their internal debates, of the need for an economic program that would be *nacional y popular*. The CGE also attempted to identify fully with the movement for the restoration of democratic rule, overcoming suspicions that its corporatist past and inclinations had created. The CGE publicly sought to remain nonpartisan. In early 1973, in response to the appearance of CGE members on various party tickets, the organization passed a statute requiring any member running for public office to request a leave of absence and any member elected to office to resign any executive position held in the CGE.²⁴ But neutrality proved impossible, and the inexorable pull of Peronism, both because of the CGE's previous ideological trajectory and history, as well as the attraction of allying with the country's principal political force, drew it toward the Peronist movement. After considerable internal debate, the CGE accepted a May 1972 invitation from the Peronist Party to attend a conference to discuss

22. CGE Archive, "Libro de Actas, Actas de Comisión Directiva," 1968–71, no. 6, Acta no. 159/69 (March 13, 1969): 154–59. This "discourse," however, needs to be analyzed in light of the dynamic of the economic forces in each province. Though Onganía's policies unquestionably hurt some provincial economies and sectoral interests, others were benefited. For example, in the case of La Rioja, Gabriela Olivera has demonstrated that Onganía's policies led to modernization of the agrarian economy and expansion of commercial agriculture, benefiting certain longtime *bolicheros* of the province and members of the CGE. But as Olivera also shows, many were left out, and it was these who struggled for control of the local economic federation, eventually establishing alliances in the early 1970s with the Third World Priests movement and other opponents of the regime.

23. "It is obvious that the protest was not limited to the students and that other sectors of Cordoban society participated. . . . Centralization is a problem with a long history in the country which has become more pronounced in the last three years with the new kind of regime that was established. The provincial forces [*entidades*] manifested their discontent with the limited effectiveness of the provincial governments, whether because of those governments, whether because of those governments' own limitations or those imposed by the regime, which have not accomplished their economic and social objectives with the necessary vigor and effectiveness." CGE Archive "Declaración de la CGE del 5 de junio de 1969," 182–84.

24. CGE Archive, "Libro de Actas, Actas de Comisión Directiva," 1971–1973, no. 7, Acta no. 207/72 (January 8, 1973): 228–29.

constitutional reform and upcoming elections.²⁵ Contacts between the CGE and the CGT became even more frequent, and the basic points of the Pacto Social, the cornerstone of the next Peronist government's economic program, were negotiated between them months before the restored Peronist government ever adopted it in 1973. The CGE and CGT formed a joint committee to study the country's economic problems and to offer common solutions, and in September 1972, they jointly published a document that CGE-CGT delegations delivered to various provincial governments.²⁶

Though the CGE represented the nationalist aspirations of certain sectors of the Argentine bourgeoisie, it was also an instrument employed by the most powerful members of that organization to wield influence with public authorities, lobby, weave political alliances, and build their business empires. The brief biographies of the four dominant figures in the CGE reveal another side to the organization's history. The CGE's recognized leader throughout its history was José Ber Gelbard, a Polish Jew who had arrived with his family in Argentina in 1930 at the age fifteen. The Gelbards relied on a family network that had settled in the northwest when they arrived in one of Argentina's poorest backwaters. This area had small immigrant communities of Sephardic and European Jews and larger ones from the Middle East, the legendary turcos, in reality Arabs whose families, like the Saadi in Catamarca, dominated provincial politics. It was in Catamarca that the Gelbard family put down roots. Son José eventually acquired enough rudimentary Spanish to find work as a traveling salesman. He sold on commission for a local retailer, peddling neckties and other dry goods throughout the northwest provinces. A natural salesman and business hustler, Gelbard eventually bought a retail store of his own and even became involved in contraband through the country's porous northern borders, especially those with Paraguay. His involvement in business politics began during the 1943–46 military government as a leader in Catamarca's chamber of commerce in which he joined the protest of others engaged in commerce to oppose increased taxes, eventually supporting the Unión Democrática in the 1946 elections won by Perón. As with other businessmen, Gelbard soon saw the advantage of working with Perón and was attracted to Peronist economic nationalism. Gelbard played a leading role in the creation of the Federación Económica del Norte (FENA), which would serve as the core of the CAPIC and eventually the CGE.

25. CGE Archive, *ibid.*, Acta no. 200/72 (June 12, 1972): 100–101.

26. CGE Archive, "Actas de Comisión Directiva," 1968–1972, no. 6, Acta no. 178/70 (July 10, 1970): 317–18; *ibid.*, Acta no. 180/70 (September 10, 1970): 337; *ibid.*, 1971–1973, no. 7, Acta no. 203/72 (September 11, 1972): 155–56.

Because of his organizing activities, Gelbard came to the attention of Perón and acquired a growing influence with the president. During Perón's government, Gelbard used his political influence, as he would throughout his career, to further his business ventures. He became a major shareholder in the domestically owned tire company, FATE, invited by the company's owners to become a partner precisely because of his relationship with Perón and his political influence. Though the FATE occupied the heart of Gelbard's fortune, the former *bolichero* also would have investments in hotels, auto dealerships, cotton, and sugar, not to mention the handsome commissions he charged companies to facilitate contacts with the state that were essential to conduct business. Gelbard's most notorious business deal was his partnership in an aluminum complex built in the Patagonia, Aluar S.A. (Aluminio Argentino). Gelbard used his contacts in the air force to secure the contract and accusations of bribes flew almost immediately to the air force brass in return for the awarded bid granted by the military government in 1971. The Aluar deal was paradigmatic of state capitalism practiced in Argentina. Aluar's private investors were offered guaranteed profits, subsidized electricity and infrastructure, and a host of other benefits, all covered by public monies. It was also reputedly a reward from military strongman General Alejandro Lanusse for Gelbard's role as an intermediary between Lanusse's government and an exiled Perón. Lanusse attempted to orchestrate a return to civilian rule and to lift political proscription in return for Perón's pledge not to run as a candidate in Lanusse's Gran Acuerdo Nacional. Perón regarded Gelbard with an esteem he reserved for few people, admiring Gelbard's business acumen, trusting his counsel on economic policy, and believing Gelbard and the CGE's project was one of the many in the public arena most compatible with his own.²⁷

Julio Broner was, after Gelbard, the single most powerful individual in the CGE. Like Gelbard, Broner was the immigrant son of a Polish Jewish family from a poor province, in his case the Chaco, who went on to become one of the country's leading industrialists and spokesman for the *burguesía nacional*. After finishing high school in Resistencia, Broner worked as a station mechanic in a Ford dealership. His love of cars and tinkering prompted him to study engineering at the national university in La Plata, and after college, he worked in the workshops of the national railroad there. As the country's automotive boom began in the mid-1950s, Broner

27. Though far too fixated on Gelbard's supposed political and business shenanigans and deaf to the deeper social forces that made both Gelbard and the CGE possible, Maria Seoane's biography is nonetheless brimming with details about Gelbard's personal and public life. See Seoane, *El burgués maldito*.

established a small factory devoted to auto parts manufacturing. Through his activities in the CGE, and the friendship he developed with Gelbard, in 1955, he received a concession from the Perón government to establish a plant (Wobron) to manufacture clutches, giving Broner a near monopoly on the domestic production of that essential component for automotive manufacturing. Broner soon entered into licensing agreements with various U.S. and German auto firms to manufacture a wide variety of clutches, eventually becoming a supplier for over a dozen different automobile companies operating in Argentina. By the early 1970s, Wobron sold 90 percent of the domestically manufactured clutches and 60 percent of the clutch disks sold to the country's automobile and tractor manufacturers. Broner's Wobron facilities in the industrial suburb of Pacheco, within a stone's throw of some of the country's leading auto terminals, most notably Ford, continued to expand through the 1970s into other areas such as automatic transmissions and electrical components. Plans were even drawn to begin airplane manufacturing. The near monopoly on clutch manufacturing made Broner a rich man over the next decade and a figure of growing importance among the ranks of the "national bourgeoisie."²⁸

Broner also played an important role in sealing both regional and sectoral alliances for the CGE. As a native of the Chaco and second in command to Gelbard within the CGE, he took a solicitous approach to developing his home province's federation. More important, as one of the founding members of Cámara Industrial Fabricantes de Automotores, Repuestos, Accesorios y Afines (CIFARA), the chamber representing the local auto industry but increasingly the spokesperson for the largely Argentine-owned auto parts sectors that supplied the large automotive multinationals, he used his influence in that organization and in the CGE to fashion a policy that would elevate domestic content requirements and protect the interests of local parts manufacturers.²⁹ Indeed, CIFARA became one of the most active and outspoken business organizations that proselytized in favor of state intervention in the economy and national capitalist project, highly critical of the "liberal" policies pursued by both the Aramburu and Frondizi governments. In late 1963, with the new Illia government now in power, it elaborated an economic program that stressed state intervention and planning in the economy, a robust domestic market, agrarian reform, and especially liberal

28. On Wobron, see "Wobron, así en la tierra como en el aire," *Mercado* (June 25, 1970): 34–36, and "La explosión industrial de Pacheco," *Mercado* (June 24, 1971): 36–42.

29. For Broner's biography, see Seoane, *El burgués maldito*, 133; *Primera Plana* (January 15, 1963): 52; *ibid.* (August 2, 1966): 65.

public credit policies.³⁰ Like Gelbard, the years of the Onganía dictatorship were not at all bad for Broner's business ventures. The Banco Industrial had made a 42 million peso loan to him just months after the 1966 coup for plant modernization, though he too would eventually become an outspoken critic of the regime's "anti-national policies."³¹

Idelfonso Recalde, the third member of the CGE's Big Four, was an industrialist originally from Rosario who had been a socialist militant and a member of the leftist group Insurrexit as a student in the University of Buenos Aires. Recalde had been the principal mediator between the various provincial businessmen's organizations and the CEA in the months before the founding of the CAPIC. His main business interests were in the textile industry, and he sought, as president of the Cámara de Exportadores de la República Argentina, to promote textile exports in the years before the Trienal (Three-Year Plan), Gelbard's attempt during the 1973–76 Peronist government to expand export markets for Argentine industry, especially to open up the market for Argentine textiles in the socialist bloc countries. As president of the CGE's Instituto de Investigaciones Económicas y Financieras (IEEF) from the mid-1960s onward, Recalde converted the CGE into one of the principal havens for nationalist intellectuals and economists. Like Gelbard and Broner, Israel Dujovne was an Argentine Jew, but unlike them, he was a born and bred *porteño* rounded out the CGE leadership. Dujovne was the CGE leader most openly linked to the Argentine left, in his case with the Communist Party. Dujovne's sympathy for and friendly relations with the Communists nonetheless were not at all unusual for CGE members, many of whom came from leftist backgrounds and maintained good relations with the Communist Party and others. Dujovne made his fortune in construction and his firm, Kunar, became one of the CGE's major benefactors in the 1970s.³² Dujovne exercised the presidency of the CGE for several years in the mid-1960s and then in 1970 replaced Recalde as president of the IIEF, fashioning it into a lobby, and a very influential one, rather than the purely think tank it had been under Recalde's stewardship. Like the other CGE leaders, Dujovne also used political connections and influence to further his business interests for his construction empire. Public contracts had been a major source of revenue for his construction firm, and his sudden

30. CIFARA Archive, CIFARA-Departamento de Investigaciones Económica, *Crisis: ¿A dónde vamos?* (1964): 143–60.

31. BI Archive, Libro de Actas no. 222 (October 21, 1966): 3098–3100.

32. Seoane, *El burgués maldito*, 79.

prominence projected him into the forefront on the building boom taking place in Argentina in such things as apartment buildings and hotels.

The big four of the CGE would each at various moments serve as president of the peak association and certainly used it to promote their business interests and to build their private fortunes. Yet their relationship with the CGE worked on multiple levels, including the political and ideological. They championed a national capitalism for reasons that transcended simple business strategies, which they could have pursued in ways other than through the CGE's often laborious and time-consuming procedures. Their politics and business concerns were mutually reinforcing and when they claimed to represent the "national bourgeoisie" through the CGE, it was out of both conviction and self-interest. However, their advocacy of building a national capitalism was fraught with all kinds of contradictions. Despite its provincial origins and boisterous claims of championing economic federalism, the CGE often found itself locked in acrimonious and debilitating disputes with its regional federations.

The sugar-producing province of Tucumán with its active and influential Federación Económica de Tucumán (FET) provides a revealing example of these tensions. Among the sugar-producing economies of the Argentine northwest, Tucumán occupied a peculiar position. Sugar production had begun there first, in the late nineteenth century, decades before it would be consolidated and expanded in nearby Salta and Jujuy provinces. Tucumán's sugar industry was characterized by small-scale specialization, with the refining and cane cultivation in different hands, unlike in Salta and Jujuy provinces. In fact, generally the structure of the sugar industry elsewhere in Latin America consisted of a few large mills (*ingenios*) that dominated the local industry and concentrated all facets of sugar production into vertically integrated enterprises. Around 1880, the number of sugar mills stabilized at approximately thirty, and by the twentieth century, there were only about two dozen. Whereas the large, concentrated *ingenios* of neighboring Jujuy and Salta provinces supplied their own cane, in Tucumán the mill owners bought most of their cane from outside suppliers, either independent cane farmers (*cañeros*) or from those working in tenancy arrangements (*colonos*) on the *ingenios'* own lands. This particular agrarian structure was rooted in the smallholder tradition of the colonial period, which was greatly strengthened with the expansion of the sugar industry in late nineteenth and early twentieth centuries.³³ Its consolidation could be traced to the Radical

33. Juárez-Dappe, "Cañeros and Colonos," 126–30.

governments of the 1920s and specifically the so-called Laudo Alvear, which established government payments for sugar based on individual farmers' output and strengthened a rural middle class of small cane farmers. It continued because the mill owners found the situation to be advantageous since it spread risks and allowed them to respond more effectively to volatile swings in sugar prices.³⁴

Tucumán's sugar economy reached the peak of its prosperity around the time of World War I, losing ground steadily thereafter to the more concentrated sugar enclaves in the northwest, especially Jujuy's three large *ingenios*—La Mendieta, La Esperanza, and Ledesma. These *ingenios* not only enjoyed superior economies of scale, allowing for greater productivity and even product diversification (citrus fruits and paper pulp, for example), but also their labor costs were considerably lower given the low level of union affiliation among their largely indigenous labor forces.³⁵ Nonetheless, Tucumán remained the country's leading sugar producer through the 1960s, its near monopoly of the commodity in the first decades of the sugar industry simply having come to an end.³⁶ The Peronist era introduced important changes. The sugar workers union, the Federación Obrera Tucumana de la Industria Azucarera (FOTIA), was established in 1944, and the following year witnessed the founding of the Unión de Cañeros Independientes de Tucumán (UCIT), representing the small cane farmers, both *cañeros* and *colonos*. In 1949, a bitter, month-long strike by the sugar workers—the local agricultural proletariat—led to a substantial increase in wages but generous subsidies by the state through the Fondo Regulador established by Perón in 1945, kept afloat the local industry, including the less productive *ingenios*. The Fondo Regulador created a price-support system whereby the state fixed a productivity target. Those that surpassed the target, essentially the concentrated *ingenios* of Jujuy and Salta, had to contribute their surplus to the Fondo Regulador, thereby subsidizing the less efficient producers, essentially those of Tucumán who received a government subsidy, an arrangement that benefited both the province's mill owners and cane farmers.³⁷

Tucumán's sugar economy was also one of the most favored of the regional economies under Peronist rule in terms of low-interest agricultural

34. Delich, *Tierra y conciencia campesina en Tucumán*, 41. The best study on the early history of Tucumán's sugar industry is Juárez-Dappe, "The Sugar Boom in Tucumán." On the very different agrarian structure in the country's second-leading sugar producer, see Lagos, "The Organization of Jujuy's Sugar *Ingenios* in a Regional Context (1870–1940)."

35. Crenzel, *El tucumanzao (1969–1974)*, 32.

36. Lagos, "The Organization of Jujuy's Sugar Ingenios in a Regional Context," 116–17.

37. Delich, *Tierra y conciencia campesina en Tucumán*, 41; Pavetti, "Azúcar y estado en la década de 1960," 153–54.

credit from public sources such as the Banco de la Nación, the Banco Industrial, and even the Banco de la Provincia de Buenos Aires.³⁸ Mill owners and cane farmers benefited from cheap credit. After the government put down the FOTIA's prolonged and debilitating 1949 strike, it also interdicted the combative sugar workers union and removed the more bumptious elements of the labor leadership.³⁹ So, eventually, even in labor matters, the local bourgeoisie benefited from Peronist policies. Opposition from the propertied classes to Perón certainly did not characterize Tucumán who were favored by the state in an industry that was increasingly uncompetitive even in the domestic market. Working-class support and support from the propertied classes contributed to solid electoral majorities for the Peronists as early as the 1946 elections. The 70.6 percent of the votes obtained by the Peronist ticket in Tucumán was the largest Peronist margin of victory in the country.⁴⁰ Thereafter, Tucumán continued to give the Peronists large electoral majorities, earning the nickname of the country's "Peronist province" because of its steadfast loyalty.

Tucumán's bourgeoisie was the first to establish a "federation" representing industry, agriculture, and commerce at the provincial level and became affiliated to the national peak association, the CGE, during Gelbard's organizational drives in the early 1950s. Gelbard personally supervised the Tucumán federation's establishment, serving on the organizational committee. In April 1953, the Federación Económica de Tucumán (FET) held its signatory session. During its first two years of existence, the FET devoted its efforts to finding a permanent headquarters, hiring a staff, and expanding membership rolls and collecting dues. Like many of the provincial federations in the final years of Perón's government, it was also active in serving in an advisory role on various government bodies and in monitoring price controls.⁴¹ The FET's greatest period of activity followed the fall of Perón's regime and responded to changes in the local sugar industry. A handful of *ingenios* possessed the capital resources and political connections to attempt a concentration of land and mills that would replicate the economies of scale that characterized the other northwest sugar producers. Most of Tucumán's *ingenios* were not in a position to make such a transition. They devoted their efforts to a different set of policies, especially continued state support of the industry, tariff protection, and access to ample public credit. On

38. Girbal-Blacha, "Acerca de la vigencia de la Argentina agropecuaria," 99–101; Girbal-Blacha, "Economía azucarera tucumana, empresarios y crédito en tiempos del Estado peronista," 287–91.

39. Silva, "El empresariado azucarero tucumano," 1:161–62.

40. Silva, "La industria azucarera en el primer gobierno peronista," 147–48, 152.

41. Federación Económica de Tucumán, *Memoria 1953–1992*, 35.

occasion, they found common ground on these demands with the small cane farmers. The FET served as the spokesperson especially for these local interests on the defensive and resisting consolidation of the local sugar industry into a few large, vertically integrated *ingenios*, the latter represented locally by Centro Azucarero Tucumano (CAT). The Cámara Gremial de Productores de Azúcar, spokesperson for the traditional and less efficient *ingenio* owners, and the Centro de Agricultores Cañeros de Tucumán (CACTU), representing the larger *cañeros*, wielded the greatest influence with the FET.

The FET sponsored the August 1957 CGE conference organized to demand the lifting of the legal ban against the peak association.⁴² With the CGE's legal status recovered, the FET pressured relentlessly for the organization to take a leading role in alleviating the increasingly critical problems in the local sugar industry. By the early 1960s, falling prices and bankruptcies had translated into a mobilization of the various fractions of the adversely affected bourgeoisie that took on the dimensions of a social movement. The *cañeros* "Hunger March" and boycotting in the supply of raw cane to the local mills of June 1961 won backing from the FET, which called on all provincial businesses to adhere to a twenty-four-hour employers' lockout, even though the small *cañeros*' organization, the UCIT, was not formally affiliated to the FET.⁴³ Tensions with the CGE national leadership surfaced at this time. The FET frequently voiced disappointment and often anger at the unwillingness of Gelbard to launch the peak association on a more vigorous defense of the local sugar industry, threatening on various occasions to recall its delegates and even withdraw from the CGE altogether. Gelbard in particular became the target of the FET's criticisms.⁴⁴ The FET demanded his resignation numerous times and accused him of compromising the CGE politically rather than concentrating on resolving the concrete problems of the regional economies.⁴⁵

The FET and the Tucumán sugar industry's grievances focused on two pressing issues: (1) continued state support for the local industry and (2) labor problems. The sugar industry's reliance on state support in the form of

42. *Ibid.*, 43.

43. Archive of the Federación Económica de Tucumán (henceforth FET archive), Libros de Actas, Acta no. 1 (June 10, 1961): 169; Federación Económica de Tucumán, *Memoria 1953-1992*, 45.

44. FET archive, Libro de Actas, Acta no. 11 (July 11, 1961): 201-2; *ibid.*, Acta, no. 12 (July 14, 1961): 204; *ibid.*, Acta no. 326 (May 24, 1962): 373.

45. FET archive, Libro de Actas, Acta no. 322 (April 13, 1962): 342; *ibid.*, Acta no. 329 (June 17, 1962): 393-97; *ibid.*, Acta no. 330 (June 19, 1962): 1-7; *ibid.*, Acta no. 342 (Nov. 8, 1962): 92-93.

low-interest loans from public sources in particular influenced the policies that the FET would advocate for the industry. The FET demanded a different set of lending criteria for the country's public banks, regional development rather than strict profit motives. The state was also to continue to guarantee funds for the sugar harvests and quotas to the local industry in the face of cheaper sugar offered by the more concentrated *ingenio* complexes in the northwest.⁴⁶ In general, the FET argued for a vigorous state intervention to make more competitive the local industry along with price supports, investment in infrastructure, cheaper freight rates, and diverse measures designed to introduce more modern technology as well as continued tariff protection from cheaper foreign sugar.⁴⁷ In reality, according to some, continued access to public credit was probably intended for propping up existing inefficiencies and avoiding social and political upheaval than for modernization. State support for the industry became, in the estimation of one of its analysts, "pure and simply . . . subsidies to cover losses," even in moments of rising prices for sugar.⁴⁸ Nonetheless, the FET offered very concrete proposals on recapitalization and modernization of the local sugar industry.

On the labor question, the FET took a hard line not only against the FOTIA's demands but also on what it regarded as the CGE national leadership's too obliging position to the labor movement. The CGE's perhaps only disingenuous verbal support for worker *cogestión* in the workplace elicited frequent criticisms by the FET, as did the peak association's support for the restitution of the CGT's legal standing and unions' continued control of their *obras sociales*.⁴⁹ Threats to withdraw from the CGE altogether were common throughout the 1960s and early 1970s, and the labor question loomed as one of the FET's major grievances with the CGE.⁵⁰ These concerns undoubtedly responded to local conditions. Labor problems grew more aggravated as Tucumán's crisis in the sugar industry deepened. The occupation of *ingenios* and workers' destruction of machinery had become frequent complaints by the FET as early as Frondizi's administration.⁵¹ Support for

46. FET archive, Libro de Actas, Acta no. 286 (September 20, 1960): 24–25; *ibid.*, Acta no. 294 (December 15, 1960): 94–95.

47. FET archive, Libro de Actas, *ibid.*, Acta. no. 305 (May 23, 1961): 149; *ibid.*, Acta no. 22 (September 2, 1961): 233–35.

48. Delich, *Tierra y conciencia campesina en Tucumán*, 44.

49. FET archive, Libro de Actas, Acta no. 302 (April 10, 1961): 125, 129; *ibid.*, Acta no. 11 (July 11, 1961): 201–2; *ibid.*, Acta no. 324 (May 10, 1962): 363.

50. FET archive, Libro de Actas, Acta no. 12 (July 14, 1961): 203–4; *ibid.*, Acta no. 23 (September 5, 1961): 241.

51. FET archive, Libro de Actas, Acta no. 316 (February 15, 1961): 318; *ibid.*, Acta no. 317 (March 1, 1961): 322–23.

the demands of the UCIT and the smaller *cañeros* was also fitful. By the mid-1960s, there were some 17,341 small cane farmers out of 18,802 independent cane farmers in the entire the province. The former were bona fide *minifundistas*, owning less than twenty hectares.⁵² The FET only rarely took up their grievances. The FET also generally backed the privatization of the few state-owned *ingenios* in the province, such as the Santa Ana, Esperanza, and Ñuñorco mills, privatizations opposed by the small local cane farmers who supplied them as well as by the sugar workers union, the FOTIA.⁵³ The FET instead drew its support from the larger *cañeros* represented by CACTU, more concerned about the labor question than were the small cane farmers grouped in the UCIT.

Frondizi's attempted restructuring of the Tucumán sugar industry and *desarrollista* policies that generally favored the more concentrated industries and firms with efficient economies of scale, in this case the large sugar *ingenios* of Salta and Jujuy, had marked the beginning of genuine crisis in Tucumán. Frondizi presided over the first attempt to rationalize and concentrate the sugar industry. His strategy to restructure the industry was twofold. On the one hand, he abolished Perón's Fondo Regulador and interdicted the organization representing the small cane farmers, the UCIT, as well as the local sugar workers' union, the FOTIA.⁵⁴ At the same time, the province's sugar mill owners were informed of their eligibility for a new round of loans from the Banco Industrial to the industry to purchase equipment abroad for modernization.⁵⁵ Frondizi's termination of the Fondo Regulador's subsidies for small producers inaugurated a decade of shakedown and concentration in Tucumán's sugar industry and attendant social disturbances, such as the 1962 Hunger March and widespread labor agitation, including worker occupation of the *ingenios*.⁵⁶ Frondizi's "modernization" sought above all to eliminate the small cane farmers and replace them with large, technologically modern estates worked by smaller numbers of skilled workers.⁵⁷

52. Delich, *Tierra y conciencia campesina en Tucumán*, 37–40, 57–58. Delich characterizes the agrarian structure of Tucumán as one dominated by *minifundistas propietarios*, who nonetheless accounted for only a small percentage of total cane production.

53. FET archive, Libro de Actas, Acta no. 9 (July 4, 1962): 194–95; *ibid.*, Acta no. 345 (December 6, 1962): 123–24; *ibid.*, Acta no. 348 (January 10, 1963): 138–39; *ibid.*, Acta no. 349 (January 17, 1963): 145–48; *ibid.*, Acta no. 351 (January 31, 1963): 163.

54. Seoane, *El burgués maldito*, 113.

55. BI Archive, Libro Copiador no. 9, "Bancos-Ministerios-Provincias-Varios," Vol. 5, 1960, Letter from the BI to Dr. Carlos María de Alvear, President of the "Centro Azucarero Argentino," December 20, 1960.

56. Crenzel, *El tucumanazo (1969–1974)*, 24.

57. Delich, *Tierra y conciencia campesina en Tucumán*, 42.

The industry's festering problems grew critical with the establishment of the Onganía government and a reorientation in state policies with regard to the provincial economy. Tucumán's sugar industry suffered an onslaught of so-called modernization: drastically reduced public credit, a rash of bankruptcies, the closing of a number of *ingenios*, and social crisis characterized by widespread unemployment and even a decline in population, as unemployed cane farmers and workers migrated to other provinces. Within just months of Onganía's assumption of power, the government had shut down La Esperanza, Lastenia, Los Ralos, Mercedes, Nueva Baviera, San Antonio, San José, and Santa Ana *ingenios*. The number of *ingenios* was reduced from twenty-seven in 1966 to sixteen in 1969, with the reduced number processing more cane due to increased capitalization and technological modernization while downsizing their labor forces and buying less from the independent cane farmers.⁵⁸ By 1968, to palliate the severity of the crisis, the military government was promising industrial investment by General Motors, Saab-Scania, and two domestically owned textile firms, Grafa and Alpargatas, as well as a government-funded program to improve its dilapidated railroad. The so-called Operation Tucumán led to the establishment of a number of so-called growth poles, industrial parks of capital-intensive industries that did little to solve Tucumán's severe economic and social problems resulting from rationalization of the sugar industry.⁵⁹

The same year of the Onganía coup, José Chebaia assumed the presidency of FET, beginning the most active and tumultuous period in the FET's history. Onganía's decision to close eleven mills in a state of virtual bankruptcy, some state-owned others heavily subsidized by public banks, caused widespread unemployment and labor protests. Opposition to the Onganía's modernization program in Tucumán took on the dimensions of social protest, even among the local bourgeoisie. The FET organized a citywide blackout in 1968 and a moratorium on tax payments that same year, as well as established the Federación de Entidades Empresarias del Noreste Argentino (called, simply, the NOA), headed by Chebaia, to lobby with both the national government and the CGE leadership on problems affecting the northwest provinces, specially the vital sugar sector.⁶⁰ In February 1969, the FET presented to the provincial government a proposed economic recovery program that included enticing back about one hundred sixty thousand cane farmers and workers lost to emigration through decisive

58. Crenzel, *El tucumanazo*, 36–42.

59. Creel, 46–47; "Tucumán: ¿Se terminan las penurias?" *Cuarto Nivel* (December 2, 1969): 47.

60. Federación Económica de Tucumán, *Memoria 1953–1992*, 53–56.

state intervention in all facets of Tucumán's economy. The FET regarded public credit and state support generally for the industry as the most crucial and insisted on the need for the Banco Industrial and other public banks to make low-interest loans available to fuel economic recovery and more so than any other provincial federation urged expansive monetary policies. Unable to have its demands redressed, various fractions of Tucumán's bourgeoisie worked through the FET to devise solutions to the sugar industry during widespread social unrest and protest. For the majority of cane farmers, the principal demand was for land reform and making the province's minifundia economically viable.⁶¹ That fraction of Tucumán's bourgeoisie represented in the FET, in contrast, never embraced the cause of land reform.

Given the FET's pursuit of continued state support for those parts of the local industry unable to participate in the modernization process, political influence at the national level was essential and the CGE was the natural spokesperson. Yet the CGE failed to satisfy local interests, and relations between the FET and the CGE national leadership grew increasingly acrimonious in the ensuing years. Tucumán's sugar industry demonstrates not only the complex situation that existed in most provincial economies, it revealed the kind of countervailing pressures and conflicting influences that the peak association often confronted in dealing with its federations and their regional economies. In Tucumán, there were at least three sectors of the local propertied classes that struggled for supremacy: the handful of highly capitalized *ingenios* that supported both the *desarrollista* and the Onganía dictatorship's modernization policies; a much larger number of *ingenios* and a privileged group of cane farmers who advocated continued state support for the industry and heavy public investment in infrastructure and diversification programs; and finally, an even larger number of small cane farmers demanding significant land reform. Each of these groups had their advocates within the CGE but none was strong enough to prevail. The result was paralysis, neither Gelbard nor the CGE translating public pronouncements of support for the provincial economy into effective intervention for any one of them. Such divisions also prevented the CGE from articulating an effective resistance against the military government.

61. Delich, *Tierra y conciencia campesina en Tucumán*, 106.

SEVEN

CONFLICT AND CRISIS IN THE METALWORKING INDUSTRIES

During the 1960s, the Confederación General Económica (CGE) emerged as the leading representative for realizing the unfulfilled Peronist project of an industrial Argentina and for building a national capitalism. This occurred despite its origins in mobilizing provincial businessmen engaged in sundry business activities and its partial transformation into an instrument promoting the personal business interests of its more powerful members. Through the activities of its research institute, the public statements of its leaders, its relentless lobbying activities, and the political alliances it wove, the CGE elaborated a program and proselytized on behalf of a comprehensive, sustainable industrialization as part of a national capitalist project. Contrary to its image, the organization's activities were not merely upholding a "hot house industrialization." Although protecting the internal market was a principal tenet, it also advanced specific proposals on regulation, credit policies, technological development, and what it generally saw as the establishment of an entrepreneurial business culture devoted to production and innovation, not just rent-seeking concerns.¹

The personal business interests of Gelbard, Broner, Dujovne, and Recalde were unquestionably closely linked to this metamorphosis of the CGE into a paladin of import substitution industrialization, but so too were changes

1. Schvarzer, *La industria que supimos conseguir*, 249; Broner and Larriqueta, *La revolución industrial Argentina*.

in the national economy that occurred following Perón's fall from power. The industrial development of provinces such as Córdoba and Santa Fe created new economic interests and introduced new social actors that found little representation in the venerable Unión Industrial Argentina. The UIA, interdicted by Perón in 1946 and abolished outright in 1953, had been reestablished in 1956. By the beginning of Frondizi's government, it was active, once again, in regaining many former members, publishing its monthly magazine, and holding regular meetings of its executive committee. Given the *desarrollistas'* desires for a modern capitalist sector, and its support for a high degree of concentration of economic power, Frondizi had encouraged the fusion of the traditionally dominant economic interests in the Sociedad Rural, the UIA, and the Bolsa de Comercio. In 1958, they formed a separate organization, the Acción Coordinadora de Instituciones Empresariales Libres (ACIEL), which embraced an extreme *laissez-faire* economic program.² The ACIEL and CGE had particularly acrimonious relations, and in the early 1960s, the former lobbied to have the CGE's assets impounded and returned to those companies that had been forced to join the CGE during Perón's government and to pay compulsory dues.³

Many of the country's industrialists, however, felt little attraction for the ACIEL's positions, the implications of which for their survival were painfully clear. As during the Peronist governments of the 1940s and 1950s, the trajectory of the country's largest and most influential industrial sector, the metalworking industries, holds the key to understanding the history of industrialists, class alliances, and the Peronist movement in these years. After Perón's fall, the pro-Peronist Cámara Argentina de la Industria Metalúrgicas had changed its name to the Asociación de Industriales Metalúrgicos de la República Argentina (ADIMRA) and rejoined the resuscitated UIA.⁴ A change in name or UIA affiliation did not, however, mean the abandonment of positions held and policies advocated for during a decade of Peronist rule.

Tensions within the UIA over whether to support liberal policies or state-supported industrial development were apparent soon after the ACIEL's establishment. On the one side were the traditional industrial sectors such

2. Freels, *El sector industrial*, 36–45; P. Lewis, *The Crisis of Argentine Capitalism*, 340–44; *Primera Plana* (May 10, 1966): 57–60.

3. Schneider, *Business Politics and the State in Twentieth-Century Latin America*, 181.

4. The metallurgical industrialists probably chose not to rejoin the CGE, despite the nationalist positions of the latter for which many of them felt more affinity because they feared residual suspicion of the CGE as a Peronist organization would limit its effectiveness. Moreover, they had never been completely convinced about sharing a business peak association with individuals whose principal activities were in commerce or agriculture, not industry.

as the meatpacking industry that had wielded an enormous influence in the UIA in the pre-Peronist period and continued to adhere to liberal positions. On the other, were those that had experienced their greatest expansion in the 1940s and 1950s, led by the metalworking industries, that advocated a strong state role in promoting an industrialization project. The metalworking industrialists had actually initially opposed the UIA's membership in the ACIEL and their more nationalist positions were thereafter repeatedly revealed.⁵ The metalworking industrialists continued to embrace a vigorous attitude toward scientific and technological development, regarding Argentina's backwardness in these areas as the Achilles' heel of national industry. The ADIMRA signed an agreement in 1961 with the Comisión Nacional de Energía Atómica to channel scientific and technological research to the private sector through contacts with the public agency while the president of the ADIMRA and the UIA, Victor Prati, sought a complete overhauling of industrial accounting practices to increase plant efficiency rather than simply to accommodate fiscal obligations to the state.⁶

The inability of the UIA to address the problems of the country's leading metalworking firms, including a severe economic slump in 1962 and a rash of bankruptcies in the industry, contributed to a renewed disenchantment with the industrialists' peak organization. As late as the end of the government of Arturo Illia (1963–66), the UIA was espousing some positions that harked back to a classic liberalism more than to its subsequent history as an industrialists' organization in a semi-industrialized, peripheral economy.⁷ Then president of the ADIMRA, Victor Prati, recounts that industrialists like him were bitterly disappointed to see that this revitalized UIA once again lacked an industrial vocation, with participation low and the demands from his industry for a more vigorous state intervention virtually ignored.⁸ But the basic problem was that the UIA had still not recovered from its

5. See for example, the issue of the UIA's monthly magazine from 1961 devoted to the metallurgical industry (replete with ads by all the country's leading metalworking firms) in which the positions of the past—the development of the metallurgical industry as synonymous with national greatness and demand for state support—are repeated once again. "Origen, evolución y perspectivas de la Industria Metalúrgica Argentina," *Revista de la Unión Industrial Argentina*, Año 73, no. 4 (January–February 1960): 15–61.

6. "Ciencia, Tecnología e Industria," separata, *Metalurgia* (July 1961); Interview, Ing. Victor Prati, Buenos Aires, August 15, 1996.

7. In any given issue of the UIA's monthly magazine in these years, the organization expresses support for policies as limited restrictions regarding foreign investment but also opposition to state intervention on such issues as exchange controls and tariffs. See, for example, *Revista de la Unión Industrial Argentina* (January–March 1966): 43.

8. Interview, Victor Prati, President of the "Asociación de Industriales Metalúrgicos," 1960–1968, Buenos Aires, August 15, 1996.

decade-long interdiction during the Perón government and was lethargic and unimaginative in dealing with industrialists' problems, seeming to abandon the initiative on economic policy to the Sociedad Rural and the Bolsa de Comercio.

The metalworking industry faced more problems than just a passive UIA. Within its ranks, the regionalist and federalist sentiments that had first compelled the CGE reappeared. The growth of the metalworking industries in the interior, especially in Córdoba and Rosario, meant that the industry was no longer confined to greater Buenos Aires. In Córdoba, the 1927 establishment of the Fábrica Militar de Aviones had created many years before the need for a small, local metalworking industry. The industry became important enough that in 1947 local industrialists established their own industrial organization, the Cámara de Industriales Metalúrgicos de Córdoba (CIMC). Córdoba's metalworking industry assumed a singular importance, however, only with the arrival of foreign automobile firms in the mid-1950s and the beginning of a new phase in the city's industrialization.⁹ The CIMC soon emerged as an important lobby at the provincial level in the government-sponsored Consejo Federal de la Industria de Córdoba and the Consejo Coordinador de la Industria de Autopartes. Within the CIMC, two sectors emerged, one tied to the manufacture of machine tools and agricultural machinery and a second representing auto parts manufacturers. It was the latter whose influence was predominant in the CIMC by the early 1960s and would be henceforth.

This was not the first time industrialists had organized in Córdoba. The city's small industrialists had organized in 1900 through the Bolsa de Comercio to protest high municipal and provincial taxes as well as the usual complaints of provincial business with high transport costs, unfair competition from Buenos Aires and foreign firms, and the perennial problems with poor access to credit.¹⁰ But the formation of the CIMC was qualitatively different in that it represented a much larger and influential social group and one with ties to an important sector of Argentina's postwar economy, the automobile industry. Though Córdoba's industrialists lacked the characteristics of a bona fide industrial bourgeoisie, of a class in ascendance with the capacity to contest the leadership of the established ruling class economically, socially, and politically, it represented an influential new interest group with some sense of collective identity.

9. On Córdoba's industrialization, see Brennan, *The Labor Wars in Córdoba*, chap. 1.

10. Iparaguire, "Crecimiento industrial y formación de la burguesía en una subregión argentina," 601–2.

The CIMC's influence within the CGE remained slight through the 1960s and the economic federation of Córdoba seems to have been one of the least active in the country.¹¹ The first sign of a significant change came in 1968 in the Primer Congreso Regional de Industriales del Centro held in Córdoba when local industrialists met to discuss the state of the national economy. The Congress culminated by formulating a harsh criticism of the Onganía regime's economic program. Led by the CIMC whose members were among the most negatively affected by government's policies, the meeting produced the so-called Declaration of Córdoba, a document that not only repudiated Onganía's economic policies but also the perfunctory representation of industrialists' interests by the UIA, especially those of the interior.¹² Two years later, a similar meeting of provincial industrialists took place in Santa Fe, the Primer Congreso Regional de Industriales Litoral-Noreste. Led this time by Rosario's metalworking industrialists, the Unión Industrial de Santa Fe, expressed its discontent with the industrialists' central by actually withdrawing from the UIA.¹³

Metalworking industrialists throughout the country were disenchanted with the UIA. Around this time, the industry's principal spokesman, the Federación Argentina de la Industria Metalúrgica (FADIM)—the national organization of the metalworking industrialists dominated by Buenos Aires firms grouped in the ADIMRA—ceased active participation in the UIA and began to pursue its interests through other means, first independently as an industrial lobby and then in a resurgent CGE. Provincial industrialists were the most predisposed to rebel, unhappy with the UIA but also with organizations dominated by industrialists in the federal capital. Discontent had been brewing for a number of years, especially over what industrialists in the provinces had viewed as discrimination against them and insensitivity to the particular concerns of provincial industry. Collective bargaining procedures were a special source of resentment. Industrialists such as those of the CIMC criticized the centralized collective bargaining negotiations in which the interests of the Buenos Aires firms, given their sheer numbers, predominated. Both the Buenos Aires companies and the metalworkers' union, the Unión Obrera Metalúrgica (UOM), preferred such a situation, the former to present a united employers' front in contract

11. One of the few references to Córdoba from these years in the CGE's archive was when the local federation asked the CGE to intercede with the provincial governor to protect the auto workers who did not wish to participate in a strike and occupation of the local auto plants CGE Archive, "Actas de Comisión Directiva," no. 3 (1963): 130.

12. CGE Archive, "Declaración de Córdoba," October, 1968

13. Schvarzer, *Empresarios del pasado*, 139–40.

talks and the latter because such collective bargaining procedures were a source of power for the labor leadership in the highly centralized UOM. The industrialists of the CIMC thus sought to contest both the power of Buenos Aires industrialists and the powerful, highly centralized metalworkers' union.

The breaking point had already come in the collective bargaining negotiations over the 1966 national contract. Both the UOM and the FADIM had agreed to the abolition of the so-called *quitas zonales*, a practice whereby industrialists in certain provinces were permitted to pay wages below the scales agreed to in the national contract, wage differentials that for some job categories were as much as 20 percent less than those agreed to in the national contract. The *quitas zonales* practice, provincial industrialists claimed, allowed them to compensate for higher freight and production costs and compete with the Buenos Aires firms. The Cordoban metalworking industrialists were especially adamant in preserving the *quitas zonales* practice. Metalworking industrialists in Santa Fe and Mendoza had already years before been forced to abandon the *quitas zonales*, and Córdoba loomed as the principal provincial representative on behalf of maintaining the practice. Unable to receive satisfaction on the issue, the CIMC withdrew from the FADIM and in June 1967 established the Federación Argentina de Industrias Metalúrgicas del Interior (FAIMI), with its headquarters in Córdoba.¹⁴ Weeks later, the Cordoban industrialists made clear that their secession was a *fait accompli* when they protested to the Ministry of Economy the decision of the FADIM to convoke a national convention to discuss the *quitas zonales*, claiming such issues were now the exclusive concern of the FAIMI.¹⁵

At the local level through the CIMC and nationally through their leadership in the FAIMI, Córdoba's metalworking industrialists used corporatist representation, lobbying, and political alliances to resolve acute problems. The most serious problems, indeed ones that threatened their enterprises' existence, were those stemming from Onganía's modernization program and automotive legislation specifically. The greater freedom for the auto terminals to import parts and components while simultaneously pursuing policies of vertical integration meant that the interests of the automotive

14. Not all provincial industrialists were so opposed. The CIMC lambasted Rosario's metalworking industrialists for accepting the abolition of the *quitas zonales* in their province and for advocating continued membership in the FADIM rather than joining the FAIMI that the CIMC was promoting.

15. Archive of the "Cámara de Industriales Metalúrgicos de Córdoba" (henceforth CIMC Archive), File "FAIMI," Letter from CIMC to Dr. Adalberto Kreiger Vasena, Minister of Economy, August 22, 1967; *ibid.*, "Pequeña historia gremial empresaria: a propósito del convenio metalúrgico" (mimeo) January 1967.

multinationals and the domestic parts manufacturers, once complementary, were increasingly fraught with tensions, even inimical. For domestic auto parts producers, “denationalization” of the industry was the catchword of the day.¹⁶ Such tensions were reflected in the CIMC. Whereas executives from the principal auto terminals in Córdoba, IKA (now IKA-Renault) and Fiat, had once been active members of the CIMC, their membership became merely formal, and the CIMC was increasingly dominated by the local parts manufacturers. Though occasionally the interests of both the terminals and parts manufacturers coincided (as with the abolition of the *sábado inglés* law granting workers a full day’s pay for a half-day’s work on Saturdays) more often they were henceforth in conflict.

The establishment of the FAIMI was the turning point in galvanizing nationalist and federalist positions among Córdoba’s metalworking industrialists. The CIMC was henceforth forced to fight on many fronts to protect the interests of local industrialists, demanding from the national and provincial governments such things as tax reductions and discount electric rates while confronting the unlikely alliance of the Buenos Aires metalworking industrialists and the UOM to uphold the *quitas zonales* practice.¹⁷ But it was only after the May 29–30 Cordobazo that the CIMC’s nationalism came to the forefront and began to influence class alliances and politics more directly. In the great popular protest of 1969, the UOM workers had been major participants, largely because of a series of sectoral conflicts with employers, of which the unresolved *quitas zonales* issue loomed the largest.¹⁸

Following the Cordobazo, the CIMC’s nationalist and federalist positions hardened. Onganía’s lowering of trade barriers was lambasted as “dumping” and an assault on “national industry,” particularly that of the provinces, while decentralized collective bargaining was justified on the basis of economic efficiency and concern for the particular conditions existing in the interior.¹⁹ In late 1969, the CIMC took the unprecedented position of opposing a new

16. Nofal, Absentee *Entrepreneurship and the Dynamics of the Motor Vehicle Industry in Argentina*, 47–50.

17. CIMC Archive, File “Reseñas históricas de la industria de Córdoba,” Informe “Situación ante el cambio de política económica” (1967); *ibid.*, “Circulares 1967–1969, Circular no. 92/68 “Diferencias zonales,” November 23, 1968; Circular no. 15/69 “Paros obreros de los días 7 y 21 de marzo-diferencias zonales,” February 26, 1969.

18. On the UOM’s important and often overlooked role in the Cordobazo, see Brennan, *The Labor Wars in Córdoba*, chap. 5.

19. CIMC Archive, “Circulares, 1969–1971,” Circular no. 37/69, “Renovación del Convenio Colectivo de Trabajo no. 140/66 para la Industria Metalúrgica,” September 1, 1969; Circular no. 41/69, “Segundo Congreso Nacional de la Industria,” September 12, 1969; Circular no. 44/69, “Política Industrial Nacional,” September 12, 1969. In late 1969, the CIMC also established the “Comisión Asesora de Revisión de la Nomenclatura Arancelaria de Derechos de Importación,” to monitor the granting of import licenses in order to better defend “national industry.” CIMC Archive, File “FAIMI,” “Memoria: Ejercicio 1970–71,” 5.

investment by General Motors, claiming that the objective of the U.S. automotive giant was to introduce new models that would “distort” the national automobile industry, weaken the competitiveness of the Cordoban terminals, and hurt local parts manufacturers who were not in a position to supply GM plants in Buenos Aires.²⁰ The frequent adoption of new models had indeed become a policy of the Argentine automobile industry and the Cordoban industrialists rightly saw it as a threat to their survival. Taxes was another issue that galvanized the CIMC members, and taxes were criticized repeatedly for being merely for the national government’s “revenue purposes” and lacking a “federalist sensibility.”²¹

The CIMC’s mobilization of provincial metalworking industrialists became important enough that in late 1969 it was invited by the government for the first time to participate in the national collective bargaining negotiations of the metalworking industrialists, now represented by three employers’ organizations: the FADIM, the FAIMI, and the Federación Argentina de las Industrias Metalúrgicas Livianas. Despite the invitation to participate in the negotiations for the national contract, the FAIMI reiterated its unwillingness to sign any agreement that failed to restore wage differentials for provincial industry.²² In late 1971, it refused to attend a UIA-sponsored conference of the country’s industrialists, suspicious of the UIA’s intentions and believing it was trying to undermine the federalist positions of the CIMC, the Confederación de la Industria, and the CGE.²³

To deal with the growing crisis in the auto parts’ sector, the CIMC soon realized membership in an influential industrial lobby was not enough. The CIMC had heretofore preferred to negotiate directly with the public authorities, particularly those at the provincial level, and with the auto terminals. But what had once been an effective strategy ceased to be so after 1966 as the combination of dictatorship and the corporatist structure of Argentine economic and political life necessitated affiliation with one of the more influential business peak organizations. Given the CGE’s provincial roots and nationalistic positions, the choice was not a difficult one to make. In 1970, the Federación de Entidades Empresarias de la Provincia de Córdoba, an organization representing small businesses in the province, rejoined the

20. CIMC Archive, “Libros de Actas del Directorio,” 1967–1972, Libro no. 4, Minutes of the meeting October 27, 1969, 223.

21. CIMC Archive, Carpeta “FAIMI” “Memoria de FAIMI,” December 13, 1969.

22. CIMC Archive, Circulares 1969–1971, Circular no. 6/70, “Renovación del Convenio Colectivo de Trabajo,” February 11, 1970.

23. CIMC Archive, Carpeta “Unión Industrial Argentina—Confederación General Económica,” Letter from CIMC to Alfredo Concepción, President of the Confederación de la Industria,” December 11, 1971.

CGE, ending a long period of estrangement. The two other organizations representing Cordoban business, the Asociación de Industriales de Córdoba, dominated by the auto terminals, and the Bolsa de Comercio, both adhered to the ACIEL whose liberal positions were anathema to the economic nationalism adopted by the Cordoban metalworking industrialists.

The CIMC's membership in Córdoba's economic federation was one sign of the greater involvement of the Cordoban industrialists in the CGE. Even more significant was the increased visibility of the Cordoban metalworking industrialists in the CGE's industrial wing, the Confederación de la Industria" (CI). References to the CI began to reappear in the CIMC's internal debates in 1970, and soon after, the CIMC began promoting CGE initiatives, such as its 1971 proposed Ley de Promoción Industrial and the campaign against the importation of railroad equipment, initiatives opposed by both the Asociación de Industriales de Córdoba and the Bolsa de Comercio but warmly supported by the CIMC.²⁴ The CIMC's support of the CGE's plan for industrial promotion contrasted with its harsh criticism the following year of the government's industrial promotion laws, lambasted by the local metalworking industrialists for being completely inadequate for provincial industrialists.²⁵

Despite the CIMC's greater affinity for the CGE's positions, the Cordoban metalworking industrialists nonetheless harbored reservations about the ability of the organization to represent effectively industrial interests. The joint CGE-CGT declaration emitted in September 1972 was criticized, especially its promise of increased wages for workers, a promise that Cordoban industrialists contended would overburden their already harried firms' wage bills. The gradual restoration of collective bargaining after its suspension under Onganía had already led by 1971 to increased wages without corresponding price adjustments, causing the CIMC to extend an emergency line of credit to its members.²⁶ The CIMC again harshly criticized the wage increases once they were implemented in early 1973 in the final months of Lanusse's government.²⁷ The criticisms of the CGE on these issues were most likely intended to bring to the attention of the CGE leadership the

24. CIMC Archive, Libro de Actas de Comisión Directoria, 1967-71, 4 (November 16, 1970): 301; *ibid.* (June 14, 1971): 343; *ibid.* (July 21, 1971): 348-49; *ibid.* Carpeta, "UIA-CGE," Letter from the Confederación de la Industria to the CIMC, August 5, 1971. However, the industrial promotion laws ultimately passed in early 1972 were regarded as too timid and not taking provincial interest enough into account. CIMC, Actas de Asambleas Ordinarias, no. 4, 1967-72, 387.

25. CIMC Archive, Libro de Actas de Asambleas Ordinarias, 1967-1972, vol. 4, 387.

26. CIMC Archive, Libro de Actas de Asambleas Ordinarias, vol. 4, 1967-1972, Assembly of May 10, 1971, 333.

27. CIMC Archive, Libro de Actas de Asambleas Ordinarias, 1972-77, vol. 5, 32; *ibid.*, 70-85.

special problems of the provinces' metalworking industrialists, and those of Córdoba preeminently. Aware of the long-standing weakness of the CGE's industrial wing, the CIMC apparently chose, at this point, a course intended to transform the Confederación de la Industria into a powerful industrialist wing representing especially the industrial interests of the provinces.

Between 1971 and 1973, the CIMC emerged for the first time in its history as an organization with political influence outside the borders of the province. The Cordoban metalworking industrialist, Carlos Coqueugniot, served as president of the FAIMI in these years and through its control of the FAIMI, the CIMC mobilized provincial industrialists and presided over collective bargaining negotiations for the entire interior. The CIMC's positions on most issues reflected those that the CGE had espoused for some two decades. Complaints about greater freight costs, limited access to credit, higher labor bills and problems with obtaining materials and supplies that afflicted provincial industry were said to be resolvable only through the implementation of a drastically different economic policy at the national level. The FAIMI continued to lobby directly with government authorities to resolve these and other problems, including the unresolved issue of the *sábado inglés* law.²⁸ Still, the need for representation in an organization with national standing was increasingly apparent if the CIMC was to have any influence on government economic policy.

By the early 1970s, not only were the small metalworking firms of the interior suffering, so were some of the industry's flagship companies. TAMET, the country's oldest metalworking firm, had been complaining to national authorities for years about an impending crisis and by 1970 was reporting to the Banco Industrial its inability to pay the interest on its outstanding debt to the bank while it teetered on bankruptcy.²⁹ La Cantábrica, one of

28. CIMC Archive, File "FAIMI," Letter from the FAIMI to Dr. Aldo Ferrer, Minister of Economy, April 28, 1971; *ibid.*, Letter from the FAIMI to General Oscar Mario Chescotta, President of SOMISA, March 6, 1971; *ibid.*, Letter from the FAIMI to Dr. Ruben San Sebastián, Minister of Labor, June 1, 1971; *ibid.*, Letter from the FAIMI to the Ministry of Industry, Commerce, and Mining, October 11, 1971. Though the *sábado inglés* had been abolished under Onganía, it remained in effect for those workers employed before June 1, 1969. The FAIMI complained that this made labor costs unfairly high for provincial industries where the law had existed and discouraged more labor flexibility. Skilled workers, for example, were in short supply and employers were reluctant to lay them off, even though keeping them on the payroll meant many were eligible for the *sábado inglés*. The *quitas zonales*, however, had been abolished, thereby preventing provincial employers at least in the metalworking industries from balancing their labor costs with lower wage differentials.

29. Private Archive of Minister of Economy Dr. Eustaquio A. Méndez Delfino, Letter from Talleres Metalúrgicos San Martín S.A. to Minister of Economy Dr. Eustaquio A. Méndez Delfino, April 24, 1963; BI Archive, Libro Copiador (1970) File "TAMET," Letter from Talleres Metalúrgicos San Martín to Dr. Carlos Pérez Compagn, President of the BI, November 20, 1970.

the largest and oldest metalworking firms in the country, could not meet the capital demands to modernize its plants and compete effectively in its product niche, agricultural machinery, and was purchased by the state in mid-1973.³⁰ Most dramatically, SIAM—Di Tella, the country's leading metalworking firm, was in dire straits. SIAM—Di Tella's fortunes had entered a prolonged period of crisis after the fall of Perón, one that culminated years later in bankruptcy and the company's liquidation shortly after the Peronists were removed from power in 1976.

These problems had their origins in the *desarrollista* policies of the late 1950s. The 1959 recession, the product of the stabilization plan, provoked a great convulsion in industry, but the recovery the following year was significant and investments in capital goods machinery rose 52.5 percent relative to the average for the decade overall, the consequence largely of the massive influx of foreign capital. Following a pattern of "stop and go," the economy experienced strong growth between 1960 and 1961. Nonetheless, toward the end of the latter year international reserves fell, aggregate demand lost vigor, and many companies began to have financial problems due to the context of credit restriction and high interest rates. The business climate became even more rarefied with the electoral defeat of the government in 1961, which presaged yet another collapse of presidential power.

In April 1962, with the overthrow of Frondizi, a policy of monetary orthodoxy was deepened at the hands of Federico Pinedo and then Alvaro Alsogaray, the consecutive ministers of economy in the new government of José María Guido. Pinedo freed the exchange markets and as a result unleashed a run on the dollar that increased its value from 83 to 123 pesos. The devaluation provoked an increase in the prices of saleable good, resulting in a significant increase in the production costs of industrial firms at the same time that there occurred a deterioration in the buying power of wage earners. The foreign exchange, fiscal, and monetary policies deepened by Alsogaray had serious consequences for business, especially for manufacturing production, which fell 5.5 percent in 1962 and 4.0 percent the following year, after having grown at an annual rate of nearly 10 percent in the previous two-year period. The worst moment occurred in mid-1963 when total production declined 20 percent during the first two months compared with the figure for the same period in 1962.³¹

30. Rougier and Fiszbein, *La frustración de un proyecto económica*, 203–4.

31. Taking the figure 100 as the base for 1948, the physical volume of industrial production was 93 in 1963, after having reached a figure of 120 in 1961.

Depression in the industrial sector was manifested with varying intensity, including as measured in energy consumption. The production of durable goods fell on average 30 percent (the metalworking sector's decline was a bit greater, 32 percent) and that of nondurables 14 percent. Significant decreases also took place in certain input sectors, such as rubber and chemical products.³² The crisis had an even greater effect if the notable investments in fixed assets that industrial firms had undertaken in 1960 and 1961 are accounted for. Unused capacity in industry was greater than an average of 56 percent and superior to 70 percent in machine tool manufacturing, for example. The problem was reflected in an unemployment rate of nearly 9 percent for 1963, the first year for which there are reliable statistics.

The fall in production and sales affected the financial position of industrial firms. In particular, the 1962 devaluation had a decisive effect on national economic activity given that the private and public sectors had both become heavily indebted to foreign lenders during previous years. The devaluation increased the weight of the debt relative to earnings and many companies could not renew foreign loans obtained during the peak years of 1960–61. However, the lack of liquidity forced many firms to resort to commercial credit and to distribute dividends in the form of stock. None of this was sufficient. The reduction in effective demand worsened the financial needs of the companies and impinged directly on the level of production, preventing, in those cases that did not lead directly to bankruptcy, the full use of installed capacity achieved through prior investments in machinery and inputs.³³ Bankruptcies that had numbered 800 in 1960 rose to 1,300 in 1961, to 1,800 in 1962, and to 2,500 in 1963. The Minister of Economy admitted that the deterioration was “already irreversible for an undetermined number of companies . . . many of those in bankruptcy will not recover.”³⁴ Only in the second trimester of 1963 would there begin a slight, general recovery that, thanks to greater political stability, improved the expectations of business and produced a positive reaction in the manufacturing sector.

Alfredo Martínez de Hoz, during his brief stay in the Ministry of Economy, established by decree in August 1963 a Comisión Honoraria de Reactivación

32. Informe de la Comisión Honoraria de Reactivación Industrial, unpublished, September, 1963.

33. Banco Industrial de la República Argentina, 1963, 7. Luis Gottehil, the secretary of industry and mining during the Guido administration, would emphasize the same (*Boletín de la UIA*, no. 20, July–September, 1963) According to a survey of the Consejo Nacional de Desarrollo, the percentage of unused capacity in 1963 fluctuated between 40 percent in the automobile, tractor, and electrical machinery industries, and 50 percent or more in the agricultural machinery, machine tool, and ship-building industries. See also Eshag and Thorp, “Las políticas económicas ortodoxas,” 120.

34. Quoted in “Resultados de una acción sin concierto y perspectivas,” editorial of the *Boletín de la UIA* (January–May, 1963).

Industrial, presided over by Carlos Moyano Llerena.³⁵ This commission prepared a report that emphasized the drastic fall in production in the context of one of the cyclical crises that had been apparent in the Argentina economy for some time, thereby attributing the situation ultimately to the specific moment. But the commission especially emphasized the slow progress of the industrial sector in the previous fifteen years, as compared with other Latin American countries such as Brazil or Mexico. The commission's basic conclusion in this area consisted in promoting a "social agreement" that would impose a truce in the worker-employer conflict that would at the same time provide the necessary foundation so the state could establish long-term guidelines for the economy and for that purpose suggested creating a Consejo Económico y Social.

The report was handed over in late September at which point the economic recovery was already apparent, though some short-term measures were still suggested. Among others, the commission proposed a mechanism to resolve the problem of the hefty debts of industrial firms. This problem was particularly significant in the metal-working and textile industries and there existed "in fact a situation that makes it difficult to and in many cases impossible to demand payment in the near term without provoking the bankruptcy of many companies."³⁶

Economic policy and recession had affected a good part of the industrial sector and compensatory measures were quickly unveiled in response. The situation of illiquidity at this moment persuaded the Banco Industrial to adopt a certain flexibility on loan repayments in order not to exacerbate problems not of the companies' own making. But given the prolonged nature of the crisis, it was not possible to maintain a flexible attitude for much time. In the course of 1963, the Banco Industrial decreed various measures of a restrictive nature pertaining to loans commensurate with the reduction of the bank's available reserves. This policy was applied in a selective manner, considering especially the degree of importance that its activities wielded in terms of the development of national industry, and the scant possibilities of industrial firms obtaining credit from other sources, as well as issues related to the technical, market, and financial position of individual companies.

The peso's devaluation had provoked great turbulence in many firms' plans, a situation aggravated by reduced sales and defaults on payments,

35. Decree number 6492/63. For its assigned task, the commission also considered the opinions of the UIA, the CGE, the Cámara de la Construcción, and the CGT. In addition, it sent questionnaires to all the ex-ministers of economy from the previous ten years to solicit their input.

36. Informe de la Comisión Honoraria de Reactivación Industrial, unpublished, September, 1963.

meaning many could not repay the loans within the stipulated time period. As a result, the Banco Industrial covered part of these debts and granted terms that allowed the refinancing of outstanding loans. As a complement to these measures, in May 1963, the Central Bank established the Régimen Especial de Redescuentos de Emergencia, to grant loans of a special nature, issued through the Banco Industrial, to companies affected by the critical lack of liquidity in the economy. Despite the measure, many firms could still not fulfill their obligations and fell deeper into arrears, causing companies with “rehabilitation” programs to alter their reactivation plans, worsening their possibilities of loan repayment.³⁷

In summary, through the Central Bank and the Banco Industrial principally, the state was assigned an important role in the measures undertaken to alleviate the financial hardship resulting from the peso’s devaluation and a general economic crisis. These measures accompanied the efforts carried out by the firms to maintain production. The measures could fairly be considered as the timid antecedents of the policies of special assistance that would be applied years later, when a large group of industrial firms revealed a chronic financial fragility—one that went beyond critical circumstances of the moment in the economy—in many cases as the result of problems traced back to the recession of 1959 and especially that of 1962–63. The devaluation had affected companies, and the state was supposed to aid them. Yet as a government functionary would later state, the devaluation “was a manageable situation. Next to it were others that were not quite so.”³⁸

The problems and special concerns of the metalworking industries were perhaps best revealed in the company that remained the flagship firm in the industry: SIAM–Di Tella. Even a large company such as SIAM–Di Tella had difficulties adjusting to a post-Peronist Argentina. Because of the firm’s friendly relations with Perón’s government, the company, as well as a number of other metalworking firms, had been interdicted by the Aramburu government. Government interdiction, however, was brief, and the perception of the SIAM–Di Tella’s chief executives was that the company’s most serious difficulties did not begin until the onset of Frondizi’s government (1958–62).³⁹ Not only do personal recollections indicate the onset of serious problems

37. In these months, UIA president Oneto Gaona called for, “a greater monetary elasticity and the establishment of a broad set of credit rules,” revealing that the adopted measures designed to alleviate the situation were insufficient given the dimension of the crisis afflicting industry. *Boletín de la UIA*, no. 20 (July–September 1963).

38. Roth, *Los años de Onganía*, 118. This author was subsequently a private advisor to President Juan Carlos Onganía.

39. Interviews, Torcuato Sozio Di Tella, Guido Clutterbuck. Instituto Di Tella Oral History Collection.

under Frondizi, so do diverse public and private sources. With the domestic market sluggish because of tighter monetary policies, with labor problems intensifying during the Peronist “Resistance,” and with the company unable to break into the export markets, a serious decline in the company’s fortunes had occurred. The greatest problem was initially working capital to finance expansion, relatively plentiful during the Peronist period but scarce now. General manager Guido Clutterbuck complained of an acute absence of credit that would permit the importation of capital goods and allow the firm to compete with foreign competitors.⁴⁰

Indeed, SIAM–Di Tella’s crisis had closely mirrored the fortunes of the Peronist movement for some time, and its history provides an interesting example of the relationship between the metalworking industry and Perón and Peronist economic policies. From the origins of Peronism, SIAM–Di Tella had been at the center of the controversies surrounding Perón within industrialists’ ranks. During the agitated months leading to Perón’s February 1946 electoral victory, the founder of the company and then the country’s leading industrialist, Torcuato Di Tella, had assumed a low profile, not publicly joining the small group of industrialists more favorably disposed to Perón but also refusing to assume any leadership role among the anti-Perón faction within the UIA, a role that would have naturally fallen to him as the country’s most prominent industrialist. In the subsequent April 1946 internal elections of the UIA, Guido Clutterbuck, as SIAM’s representative, supported the faction in favor of a truce and dialogue with Perón’s new government and against the hardline anti-Peronist faction that ultimately won the election, leading to the UIA’s interdiction.⁴¹

During the remaining two years of his life, Di Tella developed an amicable relationship with Perón. SIAM–Di Tella subsequently experienced the greatest period of growth in the company’s history, its ubiquitous refrigerators finding their way into even working-class homes and becoming the symbol of the bonanza years of Peronist prosperity and the democratization of consumption under Perón. Commercial refrigerator production reached its peak in the final year of Perón’s government in 1955 and declined steadily thereafter.⁴² A backlog of demand and limited supply of other consumer goods such as electric fans and washing machines made the manufacture of those products profitable somewhat longer, reaching their high point during

40. B1 Archive, Libro Copiador No. 6, vol. 3, 1958. Letter from BND to Guido Clutterbuck, managing director of SIAM–Di Tella, August 13, 1958; Interview, Guido Clutterbuck, Instituto Di Tella Oral History Collection.

41. Di Tella, *Torcuato Di Tella: Industria y política*, 154–55.

42. Cochran and Reina, *Capitalism in Argentine Culture*, 232–33.

Aramburu's government and then dropping off sharply through the early 1960s. The company attempted to diversify, a process it had actually begun in the late 1950s, spinning off several firms, including Perdriel for machine tools, and SIAM Automotores for automobiles (under license with the British Motor Corporation).⁴³ The fate of SIAM Automotores illustrated the company's fortunes. It met with brief success and then failed disastrously. Unable to make the capital investment necessary to rationalize production, attain economies of scale, and expand its line of models, in 1965 SIAM sold off its various plants devoted to automobile manufacturing to IKA, which included a large foundry in Tandil and a factory devoted to machine and tool production.⁴⁴

SIAM-Di Tella's decline was relatively slow, however, and the sense of an outright critical situation within the firm though apparent with the sale of SIAM to IKA did not erupt into a full-blown crisis until the onset of the Onganía dictatorship. The company continued to diversify production into compressors, electric motors, machine tools, and other capital goods during the first half of the 1960s. It was only during the Onganía years, that business problems proved intractable. As early as 1962, the firm's outstanding debts amounted to some \$55 million, most of it owed to public banks, a debt on the eve of the Onganía dictatorship that would amount to some 90 percent of its total assets.⁴⁵ Because of renewed access to public credit, the company had overexpanded during the Illia government (1963-66), and its burdensome debt led to a radical attempt at restructuring in the late 1960s, beginning with the sale of SIAM Automotores to IKA and continuing with the breaking up of the holding company into two separate enterprises, one devoted to consumer goods and the other to capital goods, during the first months of the Onganía government.⁴⁶ Onganía's first minister of economy, Néstor Salimei, was prepared to let the firm go bankrupt, but a subsequent law passed by the dictatorship granted a dispensation to firms with outstanding debts in return for state control of administration.⁴⁷

Salimei was replaced by Adalbert Krieger Vasena, who implemented a stabilization plan with a sharp devaluation of the peso. The financial situation of a number of companies turned worse, especially for those that were indebted in dollars and had been indebted for some time. Indeed, the large debts accumulated during the "period of technological modernization,"

44. *Primera Plana* (September 14, 1965): 69; *ibid.* (March 8, 1966): 69-71.

45. Rougier, "Tribulaciones de una gran empresa privada en la Argentina," 80, 82.

46. *Primera Plana* (August 9, 1966): 57; Rougier, "Tribulaciones de una gran empresa privada en la Argentina," 82-84.

47. Rougier, "Tribulaciones de una gran empresa privada en la Argentina," 87-88.

between 1959 and 1961, continued to weigh heavily in the firms' liabilities.⁴⁸ If added to these were the many companies that had large short-term debts in pesos—favored once by annual inflation rates of 30 percent, which lowered their indebtedness in real terms, but now with price increases at a slower pace while interest rates turned positive for the first time in many years—then many companies suffered severe financial problems.⁴⁹ Moreover, the profit margins of many companies had declined because of the price controls applied by the government at the same time there occurred a sustained increase in costs, particularly for small and medium-sized firms.

In previous years, the banking system had reduced its available reserves for loans through successive increases in the amount of minimum cash reserves required for borrowing. At the same time, the creation of new methods of payment to cover the government's fiscal deficit led to the creation of a parallel financial market that charged higher interest rates many firms were nonetheless forced to accept. The result was the failure to take full advantage of the productive potential of industrial firms, the consequence of the tight credit market. In that sense, a specialized publication emphasized that "the imbalance existing in the productive and financial structures hindered industrial production from achieving the desired profitability, squandering, from this point of view, the significant accumulation of physical capital achieved in the previous decade, which was in great measure idle."⁵⁰ Contemporary observers pointed out the country's considerable capacity for producing consumer and capital goods, which was barely used, the result fundamentally of the system's scarce financing. But this was only one part of the problem; the lack of bank credit and finance capital outside the banking system at reasonable interest rates led many firms, as exemplified in the case of SIAM—Di Tella, to default on their fiscal and employee benefits obligations. This situation was many times the product of industrialists' quest to obtain cheap loans, but the expansion of this process occurred in

48. A study of fifty firms quoted on the stock market during the period 1955–66 demonstrated that there existed a declining participation by them in bank credits. Confronted with this difficulty industrialists were forced to look for other sources: to increase their debts to suppliers and accumulate greater debts from back taxes and benefits payments. The analysis of repayment periods indicates that in 1965 85 percent of total debts were short-term (up to a year). This indicated—according to the study's author—that although industrialists were repaying their loans in foreign currency, the successive devaluations had prevented the peso from keeping pace at all since 1962.

49. The inflationary process created a "monetary illusion" regarding firm profitability and led to results in which apparent earnings were, in reality, due to decapitalization of the firms that did not maintain sufficient reserves for amortization of their assets. Centro de Estudios de la Coyuntura, *Situación Actual y Perspectivas de la Economía Argentina*, IDES, no. 17 (1970): 16.

50. "Perspectivas," *Competencia*, no. 3 (May 5, 1967): 1, 2.

1962–63 when the deterioration of the financial sector caused by the economic crisis led to the use of available money to pay for the more urgent obligations such as the payment of wages or the primary materials needed to continue production. Around 1966, a study revealed that some 85 percent of the surveyed firms held these kinds of debts in amounts that represented more than 20 percent of their financial needs.⁵¹

There also persisted the harmful practices of state purchases, which exacerbated the difficulties of supplying companies since the possibilities of delays in payment by the state increased the costs that they were paying on outstanding loans. As was well pointed out in the same publication, “if one considers that the state invests more than 20% of the gross national product . . . to pay for non-personal goods and services it is necessary to recognize that a buying power of that magnitude can make or break industries by encouraging or discouraging entire sectors of the economy. Many companies (Materfer, General Electric, Phillips, Standard Electric, among others) devote 80–90% of their business to the state.” The lamentations increased in decibels when the state’s position was compared with national industry and how the practice of “buy Argentine” (*compre nacional*) had been vitiated by the dumping practiced by some industrial countries. The secretary of industry, Angel Solá, made reference to the same problem and the lack of a coherent, long-range policy in the state companies, but also pointed out the bad strategies of business: “There are companies and industries with a very low coefficient in utilized capacity, but this also calls for reflection (and in a clear allusion to SIAM–Di Tella continued) I once, a bit sarcastically, said to a businessman that it seemed to me that expanding into a line of business in which the only client was the state or a public company in Argentina introduced an element of risk into his very large company.”⁵²

Ultimately, in the perspective of many contemporaries and of those charged with making decisions on industrial policy in particular, the process of “denationalization,” which became apparent after Krieger Vasena’s devaluation, carried great weight. The phenomenon was no longer confined to foreign companies investing in the expansion of their plants or in the opening of

51. Quoted in “Mejor financiación para la industria,” *Competencia*, no. 2 (April 20, 1967): 11. Oneto Gaona, president of the UIA, noted in late 1966 that the companies were supposed “to redirect a large part of their profits to attend to operating expenses and despite that found themselves unable, from the financial point of view, to comply simultaneously with all their legal obligations. . . . They have outstanding debts which demand immediate repayment in the short term and their access to bank loans is very below their real needs.” *Boletín de la UIA* (October–December 1966).

52. “Interpelación: la política industrial” *Competencia*, no. 26 (April 19, 1968).

new ones but also now entailed the purchase of the assets of Argentine companies, especially noticeable in the tobacco industry and in the buyout of IKA by Renault. For some government sectors, it was undesirable that this process be encouraged or deepened because of the troubles local firms were experiencing. For the UIA, the process was the result of the “profound deterioration of Argentine firms’ economic and financial structure,” itself the result of “endemic inflation.”⁵³

Such difficulties affected many companies, and indeed bankruptcies had been on the rise throughout 1967, easily surpassing those during the 1962 crisis and the following two-year period.⁵⁴ The most noteworthy case was that of flagship firm SIAM—Di Tella that found itself near receivership to its many creditors. The situation was so critical that getting the government to intervene effectively was difficult. But when the company’s plight became public news, the risk of governmental indecision began to become costly not only for certain government agencies like the DGI, Argentina’s internal revenue service, but also politically.

The fluid conversations that SIAM’s leaders and a few other companies maintained with the Banco Industrial bore fruit. The Banco Industrial by now had been transformed into a true promoter of a system of financial bailouts for its clients. In 1966, it established, after consulting business leaders and SIAM’s executives themselves, a policy of credits through debentures (loans in return for stock options) to ensure long-term financing of outstanding debts and in particular to cope with the expired collateral guarantees negotiated with foreign banks.⁵⁵ Initially, it was thought only to give “preference” to companies with a “healthy financial structure,” but then the policy was extended to a great number of industries that sought to take refuge in this set of rules to finance all kinds of debts. Under this policy, until 1970,

53. Quoted by P. Lewis, *La crisis del capitalismo argentino*, 377. Lewis notes that between 1962 and 1968 foreign firms acquired thirty-nine local companies: nine banks, four cigarette factories, one automobile firm, two factories producing electrical home appliances, three chemical plants, one factory that manufactured construction machinery, one paper factory, one manufacturer of synthetic fibers, one manufacturer of veterinary equipment, one ceramic factory, and one transport company. See also Schwarzer, *La industria que suprimos conseguir*, 231.

54. Many methodological problems exist for realizing this calculation with absolute precision. Nonetheless, some figures from the federal capital are revealing. For example, the total number of bankruptcies quadrupled in 1970 with respect to 1969, while those that fell into receivership tripled. See “La continuación de la empresa por otros medios,” *Competencia*, no. 95 (March 12, 1971): 12–15.

55. The opinion of SIAM’s directors can be found in “Memorandum del Grupo SIAM sobre emisión de debentures. Observaciones Preliminares,” in Archivo del Banco Nacional de Desarrollo (ABND), Expediente 102.386, 2do cpo.

more than \$130 million was disbursed to some 470 companies, in their majority metalworking firms.⁵⁶

In the first months of 1967, while the new system of assistance was being worked out, the Banco Industrial took charge of collecting information on the sales, investments, and financial history of a panoply of industrial firms.⁵⁷ With the results in hand, Emilio Van Peborgh, president of the bank, met with the secretary of industry to express his concern with the critical situation that a number of important manufacturing establishments found themselves in. In his opinion, many companies were suffering from the consequences of the 1962–63 economic crisis, and it was necessary to come to their aid through a kind of debt concordat with the public sector creditors. Solá seconded the proposal and would then explain that “it was a question of adhering to the logic of the private enterprise system. When a firm was on the edge of bankruptcy—he said—the creditors can assess the feasibility of recovery and accept a plan of deferred payments for the debt, as long as they are given assurances of an efficient administration of the firm. It could also happen that creditors do not trust a company’s management and seek bankruptcy. The state might do this with many firms.”⁵⁸

The decision to act at the same time took into account the social cost entailed in the eventual disappearance of a source of jobs. First, calling together a group of between fifteen and twenty big companies to implement the new rules was considered. Then “to avoid suspicions” by opening up the selection process was proposed. Finally, in November 1967, a terse government decree established a plan of special assistance for firms with financial problems. These regulations empowered the executive branch, acting through a “Rehabilitation Commission,” to find solutions that would allow firms to recover, such as those in a “virtual state of cessation of payments” or that had financial difficulties, which could only be resolved through exceptional government measures. Included especially were those companies that “for their social importance, their economic scope, their technological development or their influence on the national or regional

56. See Rougier, *Industria, finanzas e instituciones en la Argentina*, chaps. 3, 7.

57. The survey undertaken with the company directors gathered a considerable quantity of information than was customary and on a variety of issues: a comparison of costs and the quality of national and imported goods, the principal competitors of each firm, marketing structure, a listing of exports from the previous five years and prospects for the next five years, the labor situation, the technical situation, productivity incentives, quality control on inventories, shareholders’ attitudes, the involvement of the directors in firm affairs. The Banco Industrial established its Comisión de Rehabilitación Industrial to assess the responses to the questionnaire.

58. “Rehabilitación, la amarga espera,” *Primera Plana*, 6, no. 299 (September 17–23, 1968): 21. Solá’s speech is quoted in this article.

economies it was regarded as incumbent to aid.”⁵⁹ It could be fairly regarded that this law was “tailor made” for SIAM. Pedro Pavesi had the “impression” that “the law was drafted intentionally for SIAM, but since a law could not be passed solely for SIAM, it was made general.” The daily newspaper, *Clarín*, reported long after the events that that this law “was popularly known as the SIAM law, for being so in tune to its needs, even though its eventual application ended up protecting hundreds of other firms.”⁶⁰

The law foresaw fundamentally the consolidation of outstanding debts and pending benefits commitments for those firms with problems, which also might be totally or partially exempt from interest payments, surcharges, or fines for overdue payments. The law specified that the firms that were covered by its provisions would be “subject” to government control in any manner the latter saw fit in accordance with the special circumstances of each firm’s case. The rehabilitation plan began to be implemented in 1969 and eventually encompassed some two hundred companies, in their majority metalworking and textile firms, to whom credit was granted and on favorable terms. Nevertheless, as with those other firms, such as La Cantábrica, SIAM did not recover and upon failing to live up to the obligations established in the rehabilitation agreement, went on to be directly absorbed by the state.

Such a bailout had failed to rescue the firm, among other reasons, because of outstanding debts to foreign lenders that were not covered by the law. In 1971, the government, operating through the Banco Nacional de Desarrollo (BANADE), assumed near complete control of the firm and two years later actually acquired 8 percent of its voting stock.⁶¹ In April 1974, Perón declared the firm a “social interest” and pledged its recovery under the state’s aegis. The designation of the metalworking industry as “strategic” and therefore destined to favorable treatment seemed to promise a return to the company’s former glory. By the time of Isabel Perón’s government (1974–76), the BANADE (the renamed Banco Industrial) was nonetheless complaining to the ministry of economy that SIAM’s outstanding loans to the bank had reached intolerable levels. It urged the government, as the leading shareholder by this point in what was now effectively a public company, to pressure SIAM to undertake another restructuring and to rationalize its

59. Decreto Ley 17.507/67, “Régimen especial de ayuda a empresas nacionales con dificultades financieras” (October 31, 1967).

60. “Entrevista a Pedro Pavesi,” ex-director of the DGI, July 1973, Archivo de Historia Oral, Instituto Torcuato Di Tella.

61. Rougier, “Tribulaciones de una gran empresa privada en la Argentina,” 97.

various branches or suspend public lending altogether to the firm.⁶² Failure to do so was, as with the entire trajectory of growing state control of the company, due to SIAM's importance as a source of employment and the nature of business-state relations as they had evolved over the course of the previous thirty years.

The firm's relationship with Perón and Peronism has always been complex and a source of controversy. By the time of the 1955 coup that overthrew Perón, SIAM-Di Tella was already suspected of being a pro-Peronist company, among other reasons, because of the gift of someone 160 of its "Siambretta" motorbikes subsequently popularized by Perón. The relationship went far beyond an ostentatious gift, however, and included a panoply of favors and dispensations. The Aramburu government's interdiction of the company affected the SIAM-Di Tella's operations only slightly, however, and neither public loans nor contracts with public companies were rescinded during this time.⁶³ Throughout its subsequent history of crisis, decline, and finally nationalization, the company sought to avoid public identification with any political faction, including the Peronists, though younger son and successor to the company's presidency, Guido Di Tella, was widely and correctly suspected of having pro-Peronist sympathies. The company also withdrew from active participation in the ACIEL and supported the increasingly nationalist positions of the metalworking industry, making a restoration of Peronist rule something acceptable if not actually desired by the firm. Di Tella would later be on board the plane that brought Perón back from exile in 1972 and a high-level functionary in the final phase of the 1973-76 Peronist government.⁶⁴

A favorable disposition toward the return of a Peronist government on the part of SIAM-Di Tella and other metalworking firms thus appears very different from the reasons for the working relationship established in the 1940s and 1950s. Whereas then their industry was in full process of expansion with a robust domestic market and dreams of a deep industrialization process widespread, now it was an industry in retreat shackled by both a stagnant market and burdensome debt obligations, especially to public banks. Concerns over the social consequences of the possible bankruptcy of the country's flagship firm prompted government action and indeed were already a motivating factor in the government's support for

62. B1 Archive, Libro Copiador no. 36, vol. 6 (1975), Letter from B1 to Dr. Alfredo Gómez Morales, January 17, 1975; *ibid.*, Libro de Actas del Directorio, Acta no. 2107 (September 25, 1975), Letter from B1 to Dr. Antonio Cafiero, September 24, 1975.

63. Rougier and Schwarzer, *Las grandes empresas no mueren de pie*, 26-27.

64. *Ibid.*, 115.

the company even before the Peronists returned to power. Maintaining “social peace” and the company as a source of employment were the primary motivations once the Peronist government decided to assume control of the company in 1973.⁶⁵

The metalworking industry’s malaise generally seemed to now hinge on the labor question. With so many firms heavily in debt, the domestic market stagnant, and a widespread crisis in the sector due to Onganía’s economic policies, labor seemed the one variable open to manipulation that could be contained through a restoration of Peronist rule. Labor issues certainly figured prominently in the CIMC’s increasing prominence within the industrial wing of the CGE. Unremitting labor conflict in Córdoba in the early 1970s, including a second Cordobazo in 1971, and wage concessions in those years convinced Cordoban industrialists of the need to find a mediating mechanism, backed up with the power of the central government, with at least the less radicalized sectors of the labor movement. The CGE had been the business organization most interested in dialogue and compromise with the Peronist-dominated unions, seeing in them a potential ally in a national capitalist project. The return to power of the Peronists in 1973 and the CGE’s stewardship of the government’s economic program during the first year and a half of the Peronist restoration would reveal both the potential and weaknesses of an alliance between the national bourgeoisie and the organized working class.

This history of the metalworking industry after Perón’s fall from power revealed the nature of the crisis in at least one enormously influential sector of the self-proclaimed “national bourgeoisie.” The CIMC’s history demonstrated the expansion of the industry to the provinces and their organizational capabilities but also problems with representation at the national level and grievances against centralism. SIAM–Di Tella’s saga can be read as evidence of both the formation of a new type of industrial bourgeoisie in the postwar period precisely due to the active role played by the state and of the weakness of the metalworking firms who, as time went by, were unable to grow without public support. What partly made these metalworking industrialists a “national” bourgeoisie was their reliance on the national state, a source of strength in one historical conjuncture and a desperate necessity in another.

65. *Ibid.*, 145–46. Rougier and Schwarzer relate in their study of SIAM–Di Tella how even before the restoration of Peronist rule that the labor minister during the Lanusse government, Rubens San Sebastián, was the government minister who most vehemently argued for government support of the firm to prevent bankruptcy, demanding that “SIAM be defended above all taking into account the social and labor consequences” (98).

EIGHT

PERONIST ECONOMIC AND INDUSTRIAL POLICIES IN THE 1970S

Between the immediate postwar period and the first lustrum of the 1970s, the conditions of growth for the Argentine economy were determined by the dynamic of the “stop and go” cycle. In essence, the possibilities for obtaining a rising level of imports that would permit sustaining the promotion of the industrial sector were subordinated to the availability of foreign exchange acquired through traditional exports, which remained stagnant, or even decreased, in the boom periods of these years. The options for surmounting this dilemma were relatively few and were, at any rate, tested by governments of a different political complexion throughout this period.

As previously noted, the Peronist government’s economic team responded to the challenge in the 1950s by trying to increase export earnings through a certain containment of domestic consumption and encouragement of agricultural activities. At the same time, the government decided to advance in the process of import substitution industrialization and saving foreign exchange by looking for a greater integration of the manufacturing sector. The strategy was difficult in this particular international context as well as that of domestic politics, given the necessity of resorting to foreign capital to encourage investment in base industries and other activities that were vital to economic development. The ensemble of measures intended to resolve said problems was relatively successful and gave rise to a new phase of growth beginning in 1953.

Although the response to the economic crisis was effective, political conflict led finally to a military coup two years later. The government of the so-called *Revolución Libertadora* called on the prestigious economist, Raúl Prebisch, then the director of the United Nations' ECLA (Economic Commission on Latin America), to draw up an economic plan.¹ The significance of ECLA's subsequent reports resided especially in promoting an important exchange of ideas among intellectuals in these years, which from that point on would be nourished continuously until the mid-1970s. Prebisch successfully injected into the debate the problem of the deterioration in terms of trade and the criticism of the Peronist government's focus on light industry, rather than a criticism of its emphasis on the internal market. Prebisch stressed the limitations of that kind of industrialization, which had increasingly to import machinery and capital goods and tended to lead to bottlenecks in foreign trade. To add the base industries (those that were more complex and more technologically and capital intensive), it was necessary to approach the international capital market and attract foreign investment in sectors that weighed very heavily in the balance of trade (such as oil and other inputs and machinery necessary for growth in the manufacturing sector). For its part, though it criticized the "excessive" Peronist interventionism, the state, he argued, should play a guiding role in the promotion of this industrial development through planning and the encouragement of certain activities. In essence, this was essentially the same diagnosis and the same remedies that the Peronist functionaries had given beginning in 1949, although Prebisch trusted less in the possibilities of increasing agricultural production in the long run and resolving through it the deficit in foreign exchange.

The government of Arturo Frondizi, in the final years of the 1950s, soon revealed decisively its decision to attract foreign capital, deepening in this way the measures that the Peronist government had announced in 1953. The *desarrollista* strategy emphasized the petroleum sector for reducing expenditures of foreign exchange on that sector and the production of machinery and the petrochemical industry. It was necessary to create backward linkages in industry and to reduce imports, trusting little, as did Prebisch, in the possibilities of agriculture to increase the amount of foreign exchange. The arrival of multinational firms to the local scene did not imply necessarily

1. While economic advisor to the military government, Raúl Prebisch submitted three memoranda: the "Preliminary Report" of October, 1955; "Sound Money and Uncontrollable Inflation"; and the "Plan of Economic Reestablishment." On Prebisch, see Gilbert, Rougier, and Tenewicki, "Debates en torno a la propuesta de Raúl Prebisch (1955-56)."

the supplanting of domestic companies since foreign investment was directed toward sectors where national firms were either absent or scarcely present. On the contrary, many local industries betted on expanding production and supplying—in a process of increasing integration—the foreign firms with semifinished goods or parts. Nonetheless, it is also true that some companies, producers of machine tools or other capital goods, suffered from the foreign competition, a product of the policy of *apertura* for these kinds of goods promoted by the government. The foreign firms occupied the summit among the large existing companies in Argentina and relegated local companies to a subordinate role.

In the middle of the 1960s, another debate would begin linked to the concrete or potential limitations of the “new model” of industrial development, which might be considered a second phase of import substitution industrialization. On the one hand, some insisted on the pernicious effects of the “foreignization,” to the extent that the foreign multinationals assumed a greater importance in the country’s industrial structure, which supposed a loss of autonomy and even “disappearance” of the *empresariado nacional*. On the other hand, a debate began about the economic inefficiency resulting from the “protectionist path”—that is, of the existence of a small internal market that did not take advantage of economies of scale—and the fact that a more advanced industrialization would open up export markets in industrial goods and the kind of industrialization experienced heretofore would not solve the export bottlenecks. In other words, early there began to be discussed the limitations of the ECLA strategy of development, of the structural determinants of the economic cycle, and the particular characteristics of the country’s productive structure. Collectively, opening up the country to foreign investment and fomenting industrial exports acquired an important place in the options discussed in the period. This “industrial-exporting” sentiment was coalescing by the middle of the 1960s and would end up becoming dominant by the end of the decade, even though there were different points of view on what precisely the strategy consisted of. Some considered that all industrial exports ought to be encouraged, while others thought only select ones should be. For Aldo Ferrer, a distinguished economist and soon to be minister of the economy, the correct industrial strategy should consist either of “an integrated and autarchic model” or one that was “integrated and open,” that is, with an export capacity for manufacturing products of diverse levels of complexity and value added.²

2. Aldo Ferrer, “Problemas del desarrollo industrial argentino,” *Revista de Economía* 1, no. 3 (1969): 3, and Ferrer, “Desarrollo de las industrias básicas y la sustitución de importaciones.”

Ferrer's ideas were widely disseminated at the end of the 1950s when he held the post of minister of economy for the province of Buenos Aires and even more following the publication of his book, *La economía argentina* in 1963, where he gave a broad overview of Argentina's economic history.³ Ferrer's arguments, rooted in structuralist perspectives, contributed to strengthen the ideas of economic nationalism and to encourage the possibility of development on the foundation of local human resources, productive capacities, and local capital, although at the same time were critical of "isolationist" policies. Ferrer emphasized the promotional and regulatory role in the economy that the state should have.⁴

There were other opinions. Industrialist and economist, Guido Di Tella, elaborated an industrialization strategy capable of generating growth. Di Tella's writings were widely disseminated and were praised by Carlos Moyano Llerena, another outstanding economist and subsequently a cabinet minister during the military government of General Roberto Levingston (1970–71). According to Moyano Llerena, Di Tella's ideas were "probably the most original and forceful formulation of the problems of Argentine development since the publication of the Prebisch thesis." Di Tella offered an "internal" interpretation of development in which the best strategy consisted of concentrating economic efforts in a reduced number of industries that would permit a full exploitation of domestic resources and develop them on a large scale that would make exporting manufactured goods to foreign markets possible. His proposal implied replacing the standard of vertical industrial development with an industrial-export model specializing in those industries in which the country had comparative advantages and was endowed with resources in suitable proportions.⁵

Though a harsh critic of "industrial autarchy," Di Tella also looked with skepticism at the process of the "denationalization" of the Argentine economy and argued for a "national" alternative, albeit one centered in the big domestic companies. The development strategy based on increased exports, Di Tella noted, offered a "national solution" to the fiscal component of development, minimizing the dependence on foreign capital and technology. In this way, Di Tella's proposals, though controversial, also contributed to breathe new life into the ideas of economic nationalism. Significantly, both Ferrer as well as Di Tella moved closer to the social and political forces of economic

3. Ferrer, *La economía argentina*.

4. Ferrer's ideas had been presented previously in his published doctoral thesis. See Ferrer, *El Estado y el desarrollo económico*.

5. Di Tella, "La estrategia del desarrollo indirecto." Moyano Llerena's appraisal of Di Tella's ideas can be found in *Panorama de la economía argentina*, vol. 4, no. 36 (1967): 309.

nationalism in the course of the early 1970s. Ferrer, without abandoning his ties to the Radical Party, became an advisor to the Confederación General del Trabajo (CGT) and formed close links with members of the Confederación General Económica (CGE), in particular with Gelbard and Broner, who, at odds with the Unión Industrial Argentina (UIA), supported him during Ferrer's tenure as minister of economy of Buenos Aires province. Ferrer also had close relations with Antonio Cafiero, ex-minister of the Peronist government and a trade union advisor.⁶ Cafiero had defended Peronist economic policies in his influential book, *Cinco años después*, published in the early 1960s in which he associated ideas of the social Christian doctrine with Peronist economic nationalism.⁷ For his part, Di Tella, tied politically at one time to the country's small Christian Democratic Party, moved closer to Peronism, a movement that he had furiously rejected in his youth but that he increasingly viewed as the viable reformist option for the country.⁸ His political mentor was none other than Antonio Cafiero, with whom he would share the stewardship of the national economy years later.

The proposals, although with important subtle differences, all insisted on the need to promote industrial exports to guarantee the industrial sector's efficiency and in addition to provide foreign exchange that would allow in turn the importation of those goods that only could be produced locally at very elevated costs.⁹ Perhaps paradoxically, these ideas took shape just as changes in the industrial structure as a consequence of investments during the *desarrollista* period became more perceptible and were heading for a process of maturation. The outstanding traits of this process, although incipient, were an increase in industrial exports, the exportation of technology of national origin and direct investments abroad by Argentine firms.¹⁰ This was a modernization process that ran parallel to a crisis of the country's big, "old" industrial firms, which were beginning to show serious market and financial problems following the inrush of foreign firms, particularly after the 1962–63 economic crisis.¹¹

6. Interview with Aldo Ferrer, May 30, 2008, Buenos Aires.

7. Cafiero, *Cinco años después*.

8. Cassese, *Los Di Tella*, 206.

9. See a criticism of the autarchic model of industrialization for creating higher costs for manufacturing production and making it impossible to export in "El camino industrial," *Panorama de la economía argentina*, 5, no. 33 (1967).

10. Katz and Kosacoff, *El proceso de industrialización en la Argentina: evolución, retroceso y prospectiva*, 59.

11. To the case of SIAM–Di Tella SA were added among others, those of La Cantábrica, Opalinas Hurlingham, La Bernalesa, and La Emilia, firms that should have been aided by the state through a policy

The debate on development strategies was picked up by those entrusted with carrying out economic and industrial policy in the following years, regardless of the different political orientation of the governments that succeeded one another until 1976. The competing proposals would be only partially implemented, given the high degree of political instability and short-term exigencies in economic policy. In effect, the program of Adalberto Krieger Vasena, minister of economy during the military government of General Juan Carlos Onganía (1966–70) sought to “modernize” the country’s industrial structure to make it “efficient” and, in at least some sectors, internationally competitive. The hub of his strategy was to stabilize the national currency, thus wages were frozen, agreements were reached on prices with industrialists, local production of intermediate goods and capital goods were encouraged, and industrial exports were promoted.¹² Nonetheless, despite the good economic performance between 1967 and 1969, the long-range strategy could not be consolidated; suppression of a broad array of social demands, among them salaries, caused an accumulation of tensions that, around the middle of the latter year, culminated in a great social explosion, the Cordobazo.

The political crisis dominated the subsequent stage. Krieger Vasena resigned and President Onganía himself was replaced by Levingston. The economic measures carried out by subsequent ministers were erratic and only tended to offer short-term solutions. Naming Aldo Ferrer as the new minister of economy in late 1970 reaffirmed the turn to economic nationalism already hinted at with the exit of Krieger. With “nationalist development,” economic policy attempted to promote the development of industries in the hands of national capital and abandoned the search for monetary stability as a condition for growth.¹³ The strategy was to achieve a greater economic integration by encouraging the development of base industries and regional decentralization while also stimulating the industrial exports that would permit easing the balance of payments, policies that the new minister had been advocating for years.¹⁴ But these distant goals were conditioned by

of generous credits. See Rougier, *Políticas de promoción y estrategias empresariales en la industria argentina 1950–1980*, and Rougier, “Un largo y sinuoso camino.”

12. In the beginning of the Onganía regime, the economic team devalued the peso and applied withholdings on traditional exports, which allowed it to improve the kind of exchange rates offered to industry. Simultaneously, it reduced import licenses for a wide range of industrial goods and inputs to try to open up the economy more and to generate greater competition. These measures, together with the purchase of some nationally owned companies by foreign capital favored by the devaluation, were strongly criticized by local business, especially the CGE.

13. See “Ferrer: El desarrollo vencerá a la inflación,” *Mercado*, no. 68, 29 (October 29, 1970): 16.

14. Presidencia de la Nación Argentina, Secretaría del Consejo Nacional de Desarrollo, *Plan Nacional de 1970–1974*, Buenos Aires, 1970, vol. 1, 37.

measures needed to cope with a situation dominated by problems in the export sector and wage demands unleashed by the events of the Cordobazo.

In the middle of 1971, with the presidential shakeup, the new government of General Alejandro Lanusse (1971–73) experimented with restrictive monetary and fiscal measures to deal with problems in the export sector, but shortly afterward, with the military government adrift and immersed in a deep crisis of legitimacy, the government's economic program turned completely eclectic. A considerable expansion in public spending occurred tied to wage increases and an expansion of public credit to compensate business for those increases and that contrasted with the restrictive policies insinuated initially. Trade deficits hastened successive modifications in exchange rates, which were complemented with the prohibition of a long list of goods for importation. These were, in essence, the difficult economic conditions that the new Peronist government had to confront, although good international prices for Argentina's exports and favorable prospects for agricultural production augured a better performance for 1973.¹⁵

In the economic program announced by the Peronists in 1973, questioning capitalism had become more radicalized, in particular the attitude toward foreign capital and with respect to the "great landowners." These positions were more belligerent than those brandished in the 1950s, when the criticisms of international economic interests and the landowning class had become notably more restrained. They were even more restrained regarding actual policies during Perón's first administration. In his 1973 electoral campaign, Perón said, "The old liberal capitalist system is dead. There are some who still defend it just as I have encountered fools who long for the Middle Ages. So we should not be surprised that there were those who long for capitalist liberalism, today totally superseded by evolution."¹⁶

Héctor Cámpora assumed the presidency in May 1973, and José Ber Gelbard was named minister of economy, finance, public works, and trade at the express orders of Perón. The economic policy of the new Peronist government based on the Acta de Compromiso Nacional para la Reconstrucción, la Liberación Nacional y la Justicia Social (ACN) was cosigned in the Congress a month later by the CGE and the CGT. The document presented a particularly dramatic diagnosis of the nation's problems, warning of "the distressing situation of public finances, the process of economic and financial denationalization, the uncontrollable rate of inflation and its corollary—

15. Banco Central de la República Argentina, *Memoria Anual*, 1972, 4.

16. Juan Perón, speech given in the headquarters of the CGT, July 30, 1973, quoted in Rougier and Fiszbein, *La frustración de un proyecto económico*, 60.

the permanent deterioration of wages, the depopulation of the interior of the country, unemployment, alarming in some parts of the country, the bankruptcy of companies overwhelmed with debt . . . the depression in the domestic market.”¹⁷ But this economic diagnosis was subordinate to another political one, which assessed the dangerous and growing radicalization of society, thus the necessity of shoring up “class collaboration,” a philosophy that would guide all subsequent economic measures, which had been the case in Perón’s first administration. The difference now was that, in the new circumstances of the 1970s, the specter of socialist revolution was much more real than the one conjured up in the 1940s, and the alternatives seemed to be reduced “objectively” to either the radicalization of the class struggle or a social truce.¹⁸

The ACN spelled out a series of measures designed to create short-term stabilization. Other, more structural measures, were then incorporated into a Three-Year Plan, which was presented at the end of 1973 when Perón had already assumed the presidency. The CGE had been preparing this plan for years. The short-term measures sought stability as a condition for economic growth. Business and labor were supposed to arrive at an agreement on wages and prices to be endorsed by the state, an idea promoted by Peronism through the Productivity Congress in the final year of its previous government. This search for the harmonization of interests through the Pacto Social reflected an apprenticeship served during the first year of the Peronist government in 1946. Salary increases and the increase in public spending could induce economic expansion but only in the short term. By moving toward full employment, the conflict between the economic and social benefits grew more acute, and problems with supply arose that stoked inflationary pressures. To avoid that problem, Gelbard’s economic team sought to include in the program the encouragement of public and private investment as an engine of growth to complement the salary increases. In essence, it was the same policy that the previous Peronist government had attempted to carry out with the post-1949 “change in course.” For its part, the Three-Year Plan emphasized, as its objectives, “a modification in the productive and income structures, in order to fashion a new model of production, consumption, organization and technological development,” as well as “the recovery

17. Acta de Compromiso Nacional para la Reconstrucción, la Liberación Nacional y la Justicia Social,” cited by Rougier and Fiszbein, *La frustración de un proyecto nacional*, 61.

18. A few months after the signing of the ACN, the president of the CGE declared that it was necessary “to socialize incomes and profits, but not private property. To that end it must be understood that we have to freeze our earnings in order to defend the other.” Julio Broner in *La Opinión*, cited in Testa, *Aspectos económicos de la coyuntura actual (1973–1975)*, 51.

of economic independence” through the promotion of firms with national capital and to reverse the process of denationalization.”¹⁹

The development project sketched out had many affinities with the debate in the early 1970s over the determinants of economic growth and the necessary changes to achieve it, although it gave its own political “color” by urging the production of consumer goods through a more equitable distribution of income. In essence, it was proposing to develop the substitution of imports in strategic inputs such as steel, chemical products, aluminum, or paper, achieving a greater integration of the industrial sector and therefore less consumption of foreign exchange. The tendency for bottlenecks to arise from the export sector would be reversed with a greater supply of industrial goods, as had been argued since the mid-1960s but also with a greater supply of agricultural products. In this sense, Peronism was again raising the possibility of increasing export surpluses in traditional commodities, just as it had done with the “change in course” during Perón’s second administration, a possibility it had practically discarded since 1955. The policy required a significant transformation in agricultural productivity and sought to take advantage of the high prices that were being paid in world markets for primary products at the time. Public investment occupied a prominent place in the plan. In it, Gelbard and the CGE’s program drew from Peronism’s doctrinal postulates, although given some twists and reconfigured ideas based on the very experience of the “change in course” from the 1950s and the new historical circumstances. From the perspective of the makers of economic policy at that moment, the state should not have a role very different from the one it had in the years immediately before: to encourage economic development through its own influence as an *empresario*, as a contractor and dynamic coordinator of the economy through multiple and varied instruments.²⁰ Nevertheless, unlike the prescriptions in the 1950s, the state’s role appeared to be strengthened with the creation of the Corporación de Empresas Nacionales (CEN), whose objective was to exercise a leadership superior to all the firms in which the state had either complete ownership or majority interest, with the exception of the military’s firms. According to Gelbard, the CEN would be “one of the top thirty companies in the world,” with the power to promote the development of new industries for the public welfare and to coordinated the investments and planning of a great number of companies engaged in

19. Poder Ejecutivo Nacional, *Plan Trienal para la reconstrucción y la liberación nacional*, Buenos Aires, vol. 1, 13.

20. *Plan Trienal para la reconstrucción y la liberación nacional*, 13.

distinct economic activities: industry, mining, and construction.²¹ To a certain extent, the new corporation enlarged the Dirección Nacional de Industrias del Estado's objectives as an instrument of industrial policy.

The financial reform constituted another aspect of the economic program's structural changes. The Peronist government nationalized the banking system, a measure that had been debated for years and had been a mainstay demand of the CGE. As revealed in the declarations of the monetary and financial policy of the Three-Year Plan, the idea was to channel selective credit in favor of small business and certain regional economies as well as lower-income groups, to achieve an adequate degree of liquidity and credit for the economy, and to affirm the power of national decision making in assigning domestic savings. But the reforms were less ambitious in the context of economic policy than those undertaken in 1946; they were more in line with the ideas that, after 1952, proposed a certain withdrawal of the state in the economy.²²

With regard to industrial policy specifically, the government sought to achieve a full exploitation of natural resources and greater levels of efficiency. It considered it necessary to advance in import substitution, especially in machinery and basic inputs, and to consolidate the *empresa nacional*, regional integration, and manufacturing exports.²³ Thus, collectively, with a discourse that emphasized support for small business,²⁴ it was planning to continue with the big industrial projects already begun (steel, petrochemicals, industrial chemicals, aluminum, cellulose, and paper), to control the "exaggerated" growth of nonpriority industries and to develop and reconvert some consumer goods industries (food processing, domestic appliances, textiles, leather goods, furniture, and newsprint).²⁵ Deepening import substitution industrialization

21. José Gelbard in *La Nación*, November 25, 1973. According to the law, it was mandated that the CGE be represented on the new entity's board of directors, though the latter was also to include representatives from the UIA and the *Instituto para el Desarrollo Empresarial de la Argentina* (IDEA), the result of relations and alliances woven with the more concentrated industrial sectors.

22. Some provisions maintained the conditions in force from the previous systems and minimized the effect of the reform by granting to the private banks greater powers over the channeling of deposits.

23. "Documentos: Vassallo sobre política industrial," *Mercado*, no. 298 (April 30, 1975).

24. The development of small and medium-sized firms would be promoted by the *Corporación para la Pequeña y Mediana Empresa* (COPyME) through favorable loans and inducements for the adoption of technology, with the objective of overcoming the "functional dualism of the Argentine economy." Consejo Tecnológico del Movimiento Nacional Peronista (1973), *Intervención a la CAP: Pequeña y Mediana Empresa—Defensa del Trabajo y la Producción Nacional*, 11.

25. Presidencia de la Nación, Plan Trienal para el Sector Industria 1974–1977, Buenos Aires, tomo I and *Banco Nacional de Desarrollo, Plan Triennial 1973–1977 se propone romper la dependencia política, económica y cultural*, Buenos Aires 1974. The promotion of industrial exports would be carried out by means of fiscal incentives, favorable loans, and the development of a policy of international insertion and the opening of export markets.

and encouraging industrial exports were objectives previous governments shared and were now encased in a policy of income redistribution and greater support for national capital.²⁶

The promotional policy announced in the Three-Year Plan was regulated through three sectoral decrees pertaining to petrochemicals, steel, and forestry. In terms of regional development, the goal of the law of industrial promotion was to achieve a geographic decentralization of industrial activities through promoting and establishing firms controlled by national capital in underdeveloped and frontier areas. The entire country was designated “promotion zones” except the federal capital (where it was prohibited to establish new enterprises). Moreover, an *Acta de Reparación Histórica* was signed that provided for additional developmental measures for the poor, northwest provinces of San Luis, Catamarca, and La Rioja. Finally, the economic program also considered encouraging traditional exports to overcome the bottleneck in export earnings and to carry out the policy of redistributing income. The Peronist proposal for agriculture in 1973 looked to reform the economic and social structure of the agricultural sector to increase production and productivity. That was a key objective of the program since the redistribution of income and the transfer of financial resources from the agricultural sector to priority investments required a substantial increase in exportable surpluses.

A proposed Agrarian Reform Law foresaw the “rational use of the land and an increase in its productive capacity with the goal to achieve optimum levels of agricultural-livestock production” and empowered the Consejo Agrario Nacional to inspect whether landholdings were in accordance with their social function and to prepare for the expropriation of all “unproductive land.” A special tax law presented as a bill alongside it established a tax calculated on the basis of “normal” versus “potential” production of landholdings, which would reward the most efficient producers and would

26. A new foreign capital law heightened the nationalist content of the economic program. The suspicion toward foreign investors had now a larger domestic constituency thanks to the business sectors, part of the political base of the Peronist project, who were demanding restrictions on foreign capital to energize the expansion of national capital, as illustrated in the declarations of Julio Broner: “The state must increase its regulatory powers and planning policies. With such an orientation, there ought to be included for national capital not only a preserve in strategic areas or those fundamental to the economy, but also those in which profits are higher, if it is desired that national capital consolidate its position and grow stronger; foreign capital should be inserted strictly according to the written and tacit norms of the national development policies in accordance with the preservation of the independence of the host country. With regard to the latter, foreign capital must be prepared to participate more and more in private or mixed companies in which it will only have a minority share.” Julio Broner, *Experiencias argentinas para una política de inversiones extranjeras*, Buenos Aires, undated pamphlet quoted in Kandel, *Claves de la economía argentina*, 197.

encourage increased production. Finally, two other bills broadened the commercial powers of the National Grain Board and the National Meat Board, granting them the right to buy and sell all the country's agricultural exports, which represented around half the country's total. The actions of these two governmental bodies permitted the maximizing of the benefits of foreign trade "for the people as a whole and for the genuine agricultural producer in particular."²⁷ The architecture of state intervention, however, took care not to repeat the experience of Instituto Argentino para la Promocion del Intercambio (IAPI), which had sparked the rancor of agricultural interests and strong criticisms from various sectors. The new reforms resembled more the "change in course" of the early 1950s than those brandished in 1946.

Peronism's broad strategy of development in 1973 sought to resolve the problems of efficiency and the bottleneck in foreign trade that the model of import substitution industrialization had caused. It was based on those principles outlined by the economic team in the 1950s, with the addition of providing a greater stimulus to industrial exports, incorporated as an objective because of the debates of the 1960s and a concrete reality existing at that moment in Argentina's foreign trade. Nonetheless, as had occurred with the previous alternatives and strategies of development, the long-term theoretical definitions and their implementation quickly collided with sectoral demands, the avatars of the political process, and the short-term measures necessary to cope with changes in the economy.

The economic team believed that growth could not be sustained by simply encouraging domestic consumption.²⁸ Yet wage increases were a political given. Following a general wage increase of 20 percent, wages were supposed to remain frozen until June 1975, with the prediction that there would be an adjustment in mid-1974 in accordance with increased productivity. Such measures were not sufficient to meet popular expectations following eighteen years and waiting and struggling for the return of Peronism to power. As it had been estimated that there would be a 16% drop in company profits, the government arranged a series of compensations, especially for those less capital-intensive industries, for small business, hoping to avoid a weakening of private investment. In June 1973, interest rates were adjusted, applying reductions proportional to the importance of wages and salaries in the costs of different firms. In the context in which Campora had become president, the measures turned out to be rather acceptable to business, which had worse expectations. Although the government's stated objective was to

27. Gelbard, "Política economica y social," in Gelbard, *La politica economica del Gobierno Popular*, 23.

28. Canitrot, *La viabilidad economica de la democracia: un analisis de la experiencia peronista*.

reduce the role of business in the distribution of income, the possible calming of the unions and the greater probability of achieving an effective “stabilization” were sufficient reasons for business to support, though cautiously, the economic program. Even groups traditionally opposed to Peronism preferred to respect the program, trying to make their interests known through negotiation, a tactic that explains the rapprochement of the UIA with the CGE a few months before signing the ACN.

Early on, on the heels of an international crisis, the first sectoral pressures on the economic framework established by the Pacto Social appeared. In 1973, international oil prices and other industrial inputs jumped, which triggered an increase in the costs of industrial production. When the “imported inflation” of the crisis began to pierce firm profitability, a black market, contraband, hoarding, and camouflaged price increases all began to flourish. Illegal activities revealed the scarce willingness of business to abide by the program. The “fear of society” that gripped business in mid-1973 was vanishing with the removal of leftist sectors within the Peronist government. The country’s capitalist classes were no longer as ready to participate in a project of “class collaboration.” According to a member of the economic team, Gelbard commented dejectedly that it was going to be necessary to be flexible with the price freeze “because the *Montoneros* were no longer in the street.”²⁹

At any rate, the rise in prices for meat and grains in foreign markets (the so-called boom in primary commodities) made ending the year 1973 with a record surplus in foreign trade possible, which enhanced the chances for income redistribution policy.³⁰ With the push of demand on underused installed capacity in manufacturing and the increase in government spending, the growth of annual gross domestic product was vigorous. Inflation fell abruptly despite the wage increases and a large increase in the money supply.³¹ Even so, the growing shortages and the growth of the black market, the rise in the price of fuel, and the deficits run up by public services, counseled moving up consideration of the readjustment in policy of prices and wages, initially foreseen for June. At the end of February 1974, the CGE and the CGT were convened for “refurbishing” the agreement signed nine months before.

29. Horacio Giberti, oral exposition in the *XIII Economic History Conference*, Buenos Aires, 2002.

30. The high international prices would end up having negative consequences—because of the growing difference with official prices—among producers and agricultural exporters, although initially the rural sector as a whole seemed more worried about the agrarian reform bill that would permit the expropriation of “unproductive” land and for the tax on potential profits on land.

31. See the positive assessment of Gelbard in “Balance de un año,” *Mercado*, no 254 (May 23, 1974).

The union leadership sought not only the restitution of the lost value of wages but also greater participation in income distribution, such as the Consejo Agrario Nacional had promised. Such a modification was unacceptable to business, and the economic team wanted to contain such demands because of the negative repercussions on investment decisions. Perón had to assume the role of arbiter, and he announced an average increase of 13 percent in nominal wages to be in effect until June 1975. The majority of the increase was intended to restore the purchasing power lost in previous months, and the rest was to increase the participation of wage earners in the distribution of income, satisfying union demands and the initial objectives of the economic program. At the same time, the government began to apply a policy of “administered prices,” equivalent to a flexible policy on prices. The government sought to tend to those firms that were showing losses in order to palliate the negative effects suffered by those businesses affected by the increase cost of inputs. Yet this government assistance was well below the aspirations of business. Collectively, these benefits, which included a readjustment in public service rates and the price of fuel, implied a net recovery in workers’ incomes of some 5 percent and a new drop in average firm profitability.³²

In what would be his last speech on June 12, 1974, Perón enthusiastically backed the program of harmonizing class interests:

As you all know, we propose that the agreement between workers, business and the State serve as the foundation of the government’s economic and social policies. All those who signed on two opportunities that agreement knew also that they were going to surrender part of their demands, as a contribution to national liberation. Nonetheless, just a few months upon assuming that commitment it would seem that some of the signers are determined to not fulfill that pledge and desire that all do the same. . . . In the face of those irresponsible individuals, whether businessmen or union leaders, I believe it is my duty to ask the people not only to identify them but also to punish them.”³³

Perón understood that the “flexibilization” of the Pacto Social was equivalent to holding the economic program and his political project in check.

32. According to calculations by Torre, *El gigante invertebrado*, 79.

33. Juan D. Perón, speech of July 12, 1974, cited in Rougier and Fiszbein, *La frustración de un proyecto económico*, 81.

His death on July 1 was fatal for the needs of arbitration and containment that the program required but also coincided with another adverse blow coming from abroad: That same month the European market for Argentine beef exports was closed, and the terms of trade worsened, darkening the prospects for export balances. Without Perón, the team headed by Gelbard had become isolated and weakened and needed to reassemble its political base. At the beginning of October, Gelbard tried to convince Isabel Perón, successor of the old leader to the presidency, to call a general meeting that would include the political parties, business and union leaders, and the armed forces hierarchy to consolidate support for the economic program. But the CGT asked, in return for its collaboration, a wage increase of 15 percent, a demand that put it on a collision course with the economic team and imposed narrow limits on the possibilities of continuing with the Pacto Social.³⁴

On October 21, 1974, Gelbard handed to the president, the same day that his resignation was accepted, a report entitled, "A Reserved Analysis on the National Political Situation," which emphasized the difficulties in governing without a strong political backing:

If the points of agreement are not made deeper and the government shuts itself off and withdraws into its own shell it will help the enemy, leading to an inexorable decline in the following stages: 1) retreat of the government into its own circle 2) the weakening of national unity 3) the alienation of the younger generation from the generation of '45 4) loss of vitality in the movement 5) the deepening of the opposition to the government by the political parties 6) the impossibility of the economy to cope with the crisis. The government will be a giant with feet of clay.³⁵

Gelbard's counsel was to return to the original project and strengthen the "social truce"; nonetheless, at that time, the political will in the governing circle to return to that path did not exist. On the contrary, an alternative project was taking shape within Peronism with the objective of breaking with the policy of harmonization of class interests and to move toward the construction of a new power bloc that excluded not only the left wing of the movement but also the groups that had supported the Pacto Social. In

34. See the comments of José Gelbard in *Cuestionario* (March 1976).

35. "Análisis reservado del ministro Gelbard sobre la realidad política nacional. A la señora presidente de la Nación, October 21, 1974," *Cuestionario* (March 1976).

late 1974, José López Rega presented to the military leadership a plan that included ending the nationalist, reformist, anti-big business policies and to foment investment by foreign capital and the market economy and to subordinate the entire trade union movement.³⁶ Alfredo Gómez Morales, who had fought with Gelbard from his position as head of the Central Bank, was designated minister of economy. As with the first Peronist experience, after a businessman first oversaw economic policy, a technocrat (in this case, the same one) prepared to "make the adjustment." Gómez Morales emphasized the apparent analogy: "The present circumstances remind me of the economic situation that I had in 1952. We find ourselves in less difficult conditions than in 1952, but much more complex ones."³⁷

From mid-1974, the Argentine economy tended toward an imbalance in foreign trade at the same time an "overheating" of the domestic economy had occurred, which worsened in the short term the instability caused by the inflationary process.³⁸ For the new minister, present circumstances posed similar alternatives to those drawn up from 1949 to 1952. As then, either the government restrained the pressures of demand or it increased supply. The first implied a drop in consumption by wage earners. Although this was an option successfully applied during Gómez Morales's previous administration of economic policy, it was difficult to adopt in the new social and political context. The second depended on public investment (limited by the precarious state of public finances), private investment from national capital (limited by general economic conditions), and foreign capital flows, which the government would soon seek to encourage, as it had after 1953.

These choices were not easy to make in a context of great political fragility, and the necessary adjustment was dragged out while tensions grew and inflation and the foreign trade imbalance deepened. Only in March 1975 was the peso devalued and different exchange rates established. Also, tighter restrictions were placed on imports. In addition, special charges and refunds were established to compensate partially for the exchange rate changes. The devaluation was insufficient to reverse the crisis in export earnings. The option for resolving problems stemming from the export sector was to attract capital from abroad, an option that would also allow for compensating for the reduction in the level of public investment, which had been proposed for greater fiscal austerity. To achieve that, it was necessary to make the Law on Foreign Investment more flexible" and take down the

36. Rougier and Fiszbein, *La frustración de un proyecto económico*, 88.

37. Quoted in "El cambio de guardia," *Mercado*, no. 272 (October 1974): 12.

38. Banco Central de la República Argentina, *Memoria y balance annual*, 1974, 6.

nationalist banners that the government and even Gelbard's ministry had hoisted. The entry of foreign capital could not be immediately achieved, in the best of cases. Perhaps greater possibilities existed for resorting to loans from international financial organizations but that also was problematic in the current political context. Gómez Morales had good relations with the directors of the World Bank, Inter-American Development Bank, and the International Monetary Fund. But these negotiations were questioned by the CGE. Julio Broner, a member of the Argentine delegation sent to negotiate, declared in Washington, "We do not need the World Bank, the IMF or the IDB. Why did we come?"³⁹

After six months of his ministry, Gómez Morales handed over a report to the president that proposed a policy of austerity and "rationalization" of the economy, similar to those policies drafted during the "change in course" in economic policy during the "classic" period of Peronist rule. Gómez Morales proposed to apply a selective policy to private investment, to postpone any plans for public investment that was not "vital," to make the law on private investments was more flexible although to do it "without affecting the basic principles of the government's doctrine," to proceed with a cleaning up of the operations and finance of the state-owned companies and public administration. In terms of monetary and credit policies, the minister urged reducing the financing of the government deficit through monetary emission and a policy of selective lending, which discouraged increasing loans for consumption.⁴⁰ The austerity program did not find support within the government, nor did it count on the blessing of the CGT or CGE, former pillars of the Pacto Social. The CGE found itself between a rock and a hard place. The government demanded from the peak association maximum support to implement measures that the government did not fully agree with, while, at the same time, traditional business groups and other sectors affected by the economic policy hounded it for being responsible for the economy's problems, leading to a loss of legitimacy among the CGE rank and file.

The lack of support, accomplishments, and dashing of positive expectations led to Gómez Morales's resignation at the beginning of June 1975. With his removal, the road seemed cleared for Isabel Perón and López Rega to proceed with the definitive dismantlement of the policy of class collaboration. Celestino Rodrigo, a member of the so-called López Rega clan was entrusted with carrying it out. As with Gómez Morales, Rodrigo proposed resolving

39. Muchnik, *El tobogán económico*, 113.

40. Alfredo Gómez Morales, "Informe elevado a la Presidenta de la Nación" (April 15, 1975): 4; and "Los efectos del plan económico," *Mercado*, no. 301 (May 22, 1975): 13–17.

the balance of payments crisis and curbing the fiscal deficit, but the new stabilization plan was forged in the orthodox line of shock therapy.⁴¹ Two days after assuming office, Rodrigo decreed a massive devaluation of the peso, a substantial increase in public utility rates, and an ironclad policy of austerity in public spending.⁴² The economic team hoped that in the following months prices would rise at a rhythm slightly less than the increase in the peso's value and utility rates and that salaries would remain lagging behind. But the mobilization of the workers and the strikes to protest Rodrigo's decree ended up permitting the signing of wage agreements that established increases between 60 percent and 200 percent, with an average of 160 percent that far exceeded the expectations of the government.⁴³ When, following a general strike, Isabel Perón announced that she would approve the collective bargaining agreements, the economic adjustment remained without support. The program had only found explicit adherence in some of the more concentrated sectors of business. The Consejo Empresario Argentino, presided over Alfredo Martínez de Hoz and comprised powerful companies, such as Fortabat, Pérez Companc, and Techint, rallied to the request of support from Rodrigo, demonstrating that they approved of the measures. Especially satisfied with the peso devaluation were the leaders of business organizations representing agriculture who pledged to increase production. One of those leaders is said to have assured the minister, "don't be concerned about the size of the harvest because we are going to plant even in our private homes."⁴⁴ But the program did not find decisive support in the political statements of the scarcely unified business sectors. That more powerful part of the business class, with the social base capable of pushing for the adjustment, distrusted the political pedigree the government sought to put it into effect. For its part, the CGE had not been consulted in the drafting of the measures, and its removal from leadership in economic policy was evident. The CGE leadership took no public position on the negotiations

41. Rodrigo adopted an approach with affinities to the neoliberalism that already was germinating in the anti-interventionism of Friedrich von Hayek and in the monetarism of Milton Friedman. Shortly after his becoming minister, the magazine *Mercado* had published an article by Hayek—winner of the 1974 Nobel Prize in Economics—in which the Austrian economist asserted that "all inflation has its origins in excessive demand" and that it was necessary "to accept a certain level of unemployment" and "to dispel the illusion that it was possible to indefinitely prolong overexpansion and rather to concentrate on mitigating the suffering." *Mercado*, no. 292 (March 20, 1975).

42. The devaluation of the currency was 130 percent in the commercial market and 50 percent in the financial market. The price of fuel tripled and public service rates in transport, gas, and electricity rose between 40 percent and 75 percent.

43. Di Tella, *Perón-Perón, 1973-1976*, 3.

44. "A 10 años del rodrigo la versión de Rodrigo," *El Cronista Comercial*, vol. 2, 3.

between the government and the unions and only managed to demand urgent measures to avoid the bankruptcy of small firms enveloped in a severe liquidity crisis.⁴⁵

The crisis ended with the removal of Rodrigo and López Rega and the victory of the trade union bureaucracy, which, upon assuming an unprecedented control of the political process, had pretensions of reorienting the government's economic direction toward a "true Peronism," not Gelbard's program of class collaboration but the one associated with the experience of 1946–48. "We understand it to be necessary," said a union newspaper ad,

that the State assume in its totality the control of foreign trade, in a manner similar to what was done during Perón's governments through the IAPI, which has left such a beneficial experience, that it provide itself immediately with a domestic development policy for which the State's control of the economy is indispensable. . . . The Justicialist State should not be reduced to filling in the gaps created or neglected by the private firm. Assuming a strategic and predominant role, it must fulfill a leadership, visionary, and entrepreneurial function, acting as a promoter and manager of the collective interests.⁴⁶

Rodrigo was replaced by Pedro Bonanni, the ex-secretary of the treasury from the "change in course" period in the previous Peronist government. While he was attempting to assemble a "Plan of Economic Emergency," Bonanni endorsed some wage increases and announced a truce in prices and wages, for which he obtained the pledge of CGT. The CGE, in contrast, rejected the proposal, arguing that companies would fall into bankruptcy if they could not repair their earnings. This argument acquired the force of a threat because of the context of the days leading up to it, ones in which a great number of workers had been laid off. Faced with the impossibility of achieving a minimum degree of social peace to continue with the necessary measures, Bonanni resigned days after having taking over the ministry. Antonio Cafiero was named the new minister of economy, and Guido Di Tella was placed second in command. They pledged to pick up the banners of the "true Peronist philosophy."⁴⁷

45. Rougier and Fiszbein, *La frustración de un proyecto económico*, 98.

46. "El Movimiento Obrero ante la situación," *Clarín* (June 22, 1973).

47. Thus it was expressed in a vindicating tone by Guido Di Tella himself years later: "I think Peronism is not in the least compatible with the first leftist phase [of the 1973–76 government]. I think that was an aberration. It also seems to me that Isabel's Peronism is an aberration because it converted

The economic team decreed a “social truce,” which prohibited layoffs and strikes. Recession and unemployment had taken root in the Argentine economy and exacerbated growing social conflict. Therefore, the principal objective was to reactivate the economy, followed in importance by the “gradual slowing down of inflation.”⁴⁸ The “gradualist thrust” that they sought to implement to put the brakes on inflation responded to the need to take into account the interests of diverse sectors—thus to return to the policy of class harmony—and avoid new shocks to the economy. In late October, Cafiero signaled before business leaders of the interior, members of the CGE:

In our social pact is foreseen the creation of a multi-class consulting body that will analyze the income problems of distinct sectors. The system of relative prices is totally distorted, distorted by the events of May (1973) which were, in some way, to introduce a great heterogeneity, a great confusion, but it is our goal to establish guidelines for a correction of that system and to establish, once and for all, a target in the functional relationship of income between workers and businessmen. Here we have a great problem with the distribution of income by sector that we must address and we do not want to do it simply at the state level; we want to do it via class collaboration.⁴⁹

In reality, it harkened back not to original Peronist philosophy but to the program of the “change in course” in which Cafiero had participated and that had compelled the 1955 Productivity Congress.

In October 1975, the CGT and CGE signed the Acta de Concertación Social Dinámica. It represented a reissue of Social Pact while it incorporated guidelines of flexibility, with a more lax policy on prices and precautionary measures to index salaries every three months beginning in January 1976. Nonetheless, a week after signing the pact, under union pressure, the minister granted a salary increase of 27 percent without consulting business. With the failure of the *concertación*, the CGE steadily lost its standing and the

Peronism into a kind of *franquista* fascism. I think that the period when I was in the government was the attempt most in agreement with what Peronism can or could be which is a movement with union and moderate political support.” Di Tella in Carlos de Pablo, *La economía que yo hice*, 2:175.

48. Antonio Cafiero, speech given August 25, 1975, quoted in *Boletín del Ministerio de Economía* (November 7, 1975).

49. “Por una concertación social más dinámica,” *Boletín del Ministerio de Economía* (October 24, 1975).

political forces that articulated the interests of the business sector were rapidly becoming reconfigured. The agricultural sectors had been expressing their discontent for some time. The lockout undertaken by the Confederación Rural Argentina (CRA) in May 1975 was followed by another employers' strike in September with the participation of all the most important organizations from the agricultural sector.

This displacement of the CGE as the hegemonic political spokesperson of the business sector became a reality when an open opposition was adopted by the Asamblea Permanente de Entidades Gremiales Empresariales (APEGE), created in August by the "most staunchly liberal elements of the ex-UIA," the Cámara de Comercio, and the boldest spirits of the Sociedad Rural.⁵⁰ The APEGE brought together the Sociedad Rural Argentina, the CRA, the Camara Argentina de la Construcción, the Unión Comercial Argentina, the Cámara de Comercio, and numerous industrialists who had drifted away from the UIA, which still maintained the formal agreement with the CGE. The APEGE's founding declaration associated, "the situation of disorganization in the country" with the public role played by the CGE and the CGT. In February 1976, as Cafiero submitted his resignation, Julio Broner unsuccessfully tried to stop the mobilization proposed by "rebel" representatives of the interior; the CGE leader appealed on the grounds of ethical considerations: more than one hundred individuals with ties to the CGE still occupied positions in the national and provincial governments.⁵¹

At the beginning of 1976, Isabel Perón attempted to recover the political initiative through a shake up of her cabinet. The coalition of union leaders and old-guard Peronist politicians was removed and replaced with individuals with close ties to ex-minister López Rega. In economic matters, the government returned to a plan meant to seduce the most powerful business sectors and to avoid in that way the military coup that was being foretold. This had been Isabel Perón's first idea all along, which had been reluctantly toned down with the worker mobilization that led to Rodrigo's removal. As had his predecessors, the new minister, Emilio Mondelli, sought to approach the international financial organizations and to promote the collaboration of foreign capital.⁵² A month after assuming office, Mondelli announced the principal measures of the so-called National Emergency Plan. The objectives emphasized, though not explicit, were the balance-of-payments

50. P. Lewis, *La crisis del capitalismo argentino*, 522.

51. "CGE: freno y arranque," *El Economista* (February 6, 1976).

52. Mondelli maintained that "we have a law on foreign investments that has safeguarded us without question from all imperialism and from any foreign take-over but now, yes, there is no investment at all." Declarations of Emilio Mondelli in *Cuestionario*, March 1976.

problem, to increase activity in the domestic economy, and to reduce the fiscal deficit and inflation, in that order. With these priorities in hand, the government implemented a reform in the exchange markets equivalent to a devaluation, and utility and fuel rates were raised. The measures had the effect of only accelerating the inflationary process and currency speculation against the peso. The country's major business interests, who at this point maintained daily contact with the military, were not seduced by the economic program and a thinned-out CGE announced a state of "economic emergency." For its part, the CGT gave lukewarm support to the economic plan; in a communiqué, the union leaders signaled: "We have impressed on Mondelli the need that the economic plan be conceived within the philosophical framework of Peronism. The plan has been studied in depth by us and though there are things that we may or may not like, it is not clear that it is conceived in such a way to deal with an emergency."⁵³ A few days later, on March 24, 1976, the military overthrew the government and assumed power, a coup that all had expected.

Peronism's 1973 economic program remained subject to the avatars of the short-term dynamic of the economy and began to fall apart upon Gelbard's exit from the cabinet, finally succumbing to Rodrigo's program in mid-1975. The economic history determined by the usual "stop and go" cycle had two phases: the expansionary phase that lasted more than a year (during Gelbard's ministry) and the crisis stemming from international conditions, which unfolded during a year and a half, dealt with by austerity plans of different nuances (the successive ministries of Gómez Morales, Rodrigo, Bonanni, Cafiero, and Mondelli). After ten years of uninterrupted growth, irrespective of fluctuations in the business cycle, the indices turned negative in 1975. Given these circumstances, it is difficult to ascertain the more long-term results of the initial strategy outlined by Peronism, taking into account moreover that this "long term" is reduced to a period of less than three years. At any rate, it is possible to note some failures and the same time certain successes in proposed structural changes in accordance with a certain strategy of development presented in 1973.

The advances in state intervention such as had been proposed with the CEN turned out to be a dismal failure. As a result of conflicting opinions, certain ambiguities and disputes in the halls of power, the assembling of the CEN dragged out for an extraordinary period of time and it never made its presence felt; only in November 1975 was a first working meeting held to establish the regulations for managing the public companies included in

53. Quoted in Muchnik, *Argentina modelo*, 259.

the new organization.⁵⁴ That failure reflected the tensions of a project that sought to grant a greater role for the state at the same time that it mobilized private investment. In this sense, the establishment of the CEN was the most “ideological” proposal of the 1973 economic program in that it did not fit into the pragmatic definitions that had been designed by the Peronists after 1952.⁵⁵ In sum, the ambitious objectives linked to investment and development of the public sector contained in the profuse technical elaboration previous to the Peronist government’s assumption of power did not have a consistent application during the brief years of Peronist government. In the Congress, bills suffered many considerable modifications, and new problems arose at the moment of implementation. In the bureaucratic intrigue, ideological differences weighed heavily, and turf wars and finally fragmentation prevailed to which was added the deterioration in the fluctuating public finances that contributed to paralyze the state.

Nor could financial reform fulfill thoroughly its already limited objectives. When the economic context worsened and the inflationary spiral caused greater demands for working capital, the system, particularly through the BANADE, offered a great quantity of lines of credit with the objective of protecting jobs and not to stimulate investment. Credit policy had soon been subordinated to the political objective of maintaining social peace and containing union demands, which explains why manufacturing activities received less support than other activities and why the industrial branch most benefited, food processing, was not one of those industries regarded as priorities under the Three-Year Plan.

The course of industrial production was extremely erratic, and industry did not increase its share of the gross domestic product. In 1973, industry grew at just 7 percent, led by the performance of the automobile and tractor manufacturers whose export capacity grew thanks to promotional policies. In 1974, industry again registered a significant increase of 6.5 percent though, for the first time since 1970, industrial growth was inferior to the growth of other sectors. In 1975, industrial activity shrank some 3.2 percent, with the production of durable goods falling 7 percent, affecting especially the building supply industry, hurt by the slump in construction, and machinery manufacturing, due to the now loss of dynamism in the

54. Andrieu, *Empresas públicas*, 674.

55. None of the debated development strategies from the post-1949 crisis assumed an advance of state control, which had been expressed in the CEN; in any event, its announcement seems to be more a concession to the radicalized groups within Peronism than a project with real chances of prospering. It is not by chance that its implementation had gotten bogged down once the Peronist left was marginalized from power.

manufacturing of automobiles and tractors. The industrial category of metals, machinery, and equipment fell 8 percent.

The high-consumption consumer goods showed much more vigor than those considered “basic” and “strategic” in the government’s economic program, whose participation in industrial production remained stagnant between 1972 and 1975. Income redistribution modified “demand profile,” and therefore, the “vegetative” industries increased their rate of growth while the “dynamic” industries grew at a slower pace than in previous years. Considering the trajectory in these years of the participation of each branch of industry, the one that grew fastest was textiles while metals and machinery registered the greatest drop. Restructuring consumer demand resulting from the redistribution of income produced, paradoxically, a greater effect than the heralded promotional policies. The perceptible results of the promotional policies were meager. The actions of the COPyME, as with the CEN, were also hampered by bureaucratic inefficiency and had scarce effect on the prospects of small firms. Investment plans for this sector generally encountered great difficulty in being realized. Nor were the policies of regional decentralization more successful.

However, the state had a notable participation in the promotion of large undertakings such as cellulose and paper (Papel Misionera S.A., Papel Prensa S.A., Celulosa Argentina S.A.), in the iron and steel industry (Dálmine Siderca S.A., Acindar S.A., Prepulsora Siderúrgica S.A., SOMISA, Hierro Patagónico and the Siderúrgica Integrada project), and in chemicals and petrochemicals (Petroquímica Bahía Blanca S.A., Petroquímica Gneral Mosconi S.A., Petroquímica Río Tercero S.A., and Álcalis de la Patagonia S.A.). These projects were already under way when Peronism returned to power and were simply incorporated into the law on industrial promotions. Although the precise difficulties of the moment, the financial problems of the public sector, inefficient bureaucratic intrigue, and the struggle over the groups to be benefited all created important delays and setbacks, some of these undertakings made progress and began to produce results during the period.

The strategy for promoting industrial exports sketched out in the 1960s continued during the Peronist government, which sought to increase such exports through diverse measures, among them the incentives granted by the Law of Protection of Employment and National Production. Encouraging industrial exports entailed a great cost for the state, which had to compensate for the overvalued peso, and its effect on the trade balance in the medium term was not clear. Nonetheless, industrial exports increased their participation in export totals and reached 20 percent. The story of

the country's traditional exports was less positive. The goal of increasing the surplus for traditional exports failed because of declining production (discouraged by the stagnant domestic prices), by internal consumption (increased by income redistribution), and, above all, by deteriorating terms of trade and the closing of foreign markets in these years. As a result, the idea of the country enticing international capital flows, overcoming its condition as an exporting country of fluctuating surpluses, did not survive Perón's sermons.⁵⁶

The basic objectives of the Peronist strategy for industrial development (the increase in public savings and capitalization of the state and its companies, combined with the greater profitability of small firms controlled by national capital) and for agricultural development were frustrated. The economic and political problems present during the three years of Peronist government relegated the proposals to goals to be attained down the road at the same time that they swiftly undermined short-term prospects. The failure of Peronism's economic project contributed to strip the legitimacy not only of state intervention in the economy but also of a model of capital accumulation anchored in the industrial sector. Starting with the premise of the impossibility of resolving the problems of economic growth through industrialization, the economic policies of the military government from March 1976 would proceed to reverse the path begun in the 1940s through a process of deindustrialization that would permit it to dismantle the social and political tensions that the emergence of industry had generated.

56. Shortly before his death and weeks before the closing of the European market, Perón reiterated his belief in the strategic importance of the ties with Europe, especially with Italy: "We have been talking with Italy because we think that the European market continues to be for us the most important market in the world. At this moment, Europe is passing through a difficult situation. . . . But it is undeniable that they will need foodstuffs and this they have totally guaranteed with us . . . we are sellers of meat, but wholesalers, and we need in Europe someone to take charge of distributing our meat." *La Nación* (May 5, 1974).

NINE

THE NATIONAL BOURGEOISIE IN POWER PROVINCIAL DYNAMICS AND THE FALL OF NATIONAL CAPITALISM

Although the Confederación General Económica (CGE) was generally regarded as a Peronist organization, it had attempted throughout the 1960s to maintain good relations with those political parties that adhered to nationalist or quasi-nationalist positions, as well as nationalist factions within the armed forces. The Christian Democrats, the Unión Cívica Radical del Pueblo, the Unión Cívica Radical Intransigente, and the neo-Peronist parties were all invited to CGE gatherings, and representatives of the armed forces were not infrequent visitors to the CGE's downtown headquarters. At least privately, José Ber Gelbard also tried to cultivate good relations with the Communists.¹ What had pushed the CGE closer to Peronism than to the country's other political forces was the CGE's cold reading of the political realities. Gelbard in particular had a sharp political sense, and, with frequent trips to Madrid, he rekindled his close personal relationship with Perón, hoping to give the CGE the long-awaited opportunity to put its economic program into practice.² He also hoped to advance his own business

1. The interpretation of Gelbard's relationship with the Argentine Communist Party differs substantially from that of both Gilbert and Seoane. Rather than being a closet Communist, Gelbard, in our estimation, cultivated good relations with the PCA because the party's position on the "national bourgeoisie" suited his and Perón's purposes. By the time he became CGE president, Gelbard had long abandoned his youthful flirtation with the Communists. For him, the achievement of a "national capitalism," which the Communists viewed as a necessary stage in building socialism, was the end in itself.

2. Gelbard's trips to Madrid to speak with Perón were often mentioned in the CGE's papers. See, for example, CGE Archive, Libro de Actas de Comisión Directiva, no. 6, 1968–71, Acta no. 189/71 (June 14, 1971): 456–57.

concerns. The Gelbard of the early 1970s was a different figure from the traveling salesman from Catamarca of the 1940s. His private ventures were now considerable, and he had managed to build a business empire of his own, which, by the 1970s, was a part of a powerful holding company. His connections to the state had benefited his business concerns in the past, and they were essential to his future business interests, thus the intense courting of Perón in these years. But, as in the 1950s, Gelbard and the CGE also made a concerted effort to avoid a close entanglement with Perón and the Peronists once they were in a position of influence.

Gravitation toward the Peronist movement was also compelled by increasingly insistent demands from the CGE's provincial federations for a fundamental change in direction in national economic policy. The Chaco's economic federation revived old demands to foment textile production in the cotton zone and to improve infrastructure on behalf of the *empresariado nacional* of the region. At the same time, the *Federación Económica de Tucumán* (FET) criticized the CGE's failure to support more vigorously in early 1972 its protest in the province over problems in the local sugar industry, prompting FET president and CGE stalwart, José Chebaia, to threaten to resign his seat on the CGE executive council.³ In Córdoba, the auto parts manufacturers grouped in the Cámara de Industriales Metalúrgicas de Córdoba (CIMC) emerged at the forefront of industrial nationalism among provincial business groups in the early 1970s. The 1971 auto legislation was bitterly criticized by the CIMC for opening up the national parts industry to foreign competition, presented in the CIMC's increasingly belligerent language as an assault against the country's "liberation."⁴ As the auto multinationals' moved toward policies of international integration, outsourcing, and the vertical coordination of production, local parts manufacturers became alarmingly redundant. Protection for national industry and support for national economic planning turned more insistent after the Cordobazo as Córdoba lived in a state of tremendous social effervescence, which was not confined simply to the working class or the large student population and influenced other social actors as well.⁵

3. FEC Archive, File no. 6 1970–72, Circular July 2, 1971; CGE Archive, Libro de Actas de Comisión Directiva, no. 7, 1971–73, Acta no. 198/72 (March 1, 1972): 70.

4. CIMC Archive, Circulares 1969–1971, Circular no. 10/71, "Nota al Señor Secretario de Estado de Industria y Comercio Interior," February 15, 1971; *ibid.*, Circular no. 39/71, "Industria Automotriz," August 15, 1971.

5. CIMC Archive, Carpeta "Unión Industrial Argentina—Confederación General Económica," Circular 44/69 "Política Industrial Nacional," September 12, 1969, is just one of many examples that reflect the deeper nationalist content of the CIMC's public pronouncements following the Cordobazo.

For all these diverse interests in need of an institutional representation more powerful than their local organizations could provide, the CGE was the logical vehicle to address their concerns. By the early 1970s, the three national confederations of commerce, agriculture, and industry, which composed the CGE, were elected by more than two thousand chambers. These provincial economies were also represented through their economic federations. There were also a few specific economic sectors (shoe manufacturers, tea producers, among others) that continued to have a representation independent of provincial location. The CGE's 150-member *cuero de delegados* presided over an organization composed of some 1 million members, making it, by far, the largest business peak association in the country.⁶ Moreover, by the end of the government of General Roberto Levingston and the start of General Alejandro Lanusse's, Gelbard had managed to convert the CGE into a major player among the prodemocratic forces and a leading representative for a new direction in economic policy. On January 27, 1972, the CGE organized an employers' strike, demanding a restoration of democracy and free elections. Two months later, it sponsored a gathering of the country's major political parties, with CGT representatives also in attendance, in which the CGE presented an economic plan for a new government that stressed reactivation of the domestic market and regional development. It thereby associated itself with the restoration of democratic rule while offering to the country's political parties—increasingly sympathetic policies that would distinguish them from the “Argentine Revolution”—its own economic program as an alternative.⁷

Throughout these months, the CGE sought to maintain a certain independence from the Peronist movement. Only as the implications of Lanusse's Gran Acuerdo Nacional became clearer, namely, an impending restoration of Peronist rule, did the CGE inch closer to an alliance with Perón. Its previous contacts with the Peronist labor movement facilitated such an alliance. Since the early 1960s, the CGE had closely consulted with the CGT leadership whose positions on economic policies were increasingly compatible with those of the self-proclaimed *burguesia nacional*. In the late 1960s, the CGE began calling for a “National Conference on the Economy” in which

6. *Opinión Económica*, Año 3, no. 26 (April 1972): 2–6. These are the CGE's own figures, which cannot be corroborated because of the lack of national membership lists from the period but which appear reasonably accurate based on the membership rolls of such provincial affiliates as Federación Económica de Córdoba, the Federación Económica de Tucumán, and the Federación Económica del Chaco.

7. Seoane, *El burgués maldito*, 198; CGE Archive, Libro de Actas de Comisión Directiva, no. 7, 1971–73, Acta no. 2 198/72 (March 1, 1972): 66–68.

to debate and refine the nationalist positions that it espoused and that the mainstream Peronist labor movement continued to support.⁸ In the early 1970s, contacts between the CGE and CGT leadership became increasingly frequent, and the terms of the future Pacto Social were actually negotiated several years before Gelbard's assumption of the Ministry of Economy, with a working committee of CGT and CGE representatives selected as early as June 1970.⁹ The joint 1972 CGE-CGT *solicitada* that publicly presented their proposed economic program and was published in the Argentine press had been drafted nearly a year before. The CGE-CGT delegations that had delivered the business-labor proposal to provincial governors were merely the visible proof of a relationship that had long existed.¹⁰

Shortly after accepting a cabinet post as minister of economy in the new Peronist government, Gelbard stressed privately that he and other CGE members who had accepted government positions had a "moral obligation" to remain faithful to the CGE's program, beyond any loyalty to the government. They maintained that the CGE's ascension to power as a "business organization" (*nucleamiento empresarial*) rather than as part of a political party meant that the risk of power tempting its members and therefore corrupting the CGE's program was real. Steps had to be taken to prevent such an outcome. The CGE took on the character of a secret political sect after the Peronist restoration. Its members promised, in secret initiation ceremonies, to remain loyal to its guiding principles. With a motion presented by Gelbard and agreed to by the CGE's executive committee, they agreed that any CGE member who accepted a government post was ultimately accountable to the CGE, not the government, and would have to resign his government position upon the decision of the CGE.¹¹ This did not represent a parochial loyalty but a belief on the part of Gelbard and others that the country was in desperate need of profound change and that the CGE's program represented the "peaceful option" for undertaking such a transformation of the country's economic, social, and political structures. There was also an urgency about adopting the CGE's program, a fear on the part of its members that the failure to undertake meaningful reform would lead

8. See, for example, the CGE's positions on various issues in "Ante una positiva actitud empresarial," *El político*, March 27, 1969, 11–13.

9. CGE Archive, Actas de Comisión Directiva, no. 6, 1968–71, Acta no. 178/70 (July 10, 1970): 317–18; *ibid.*, 180/70 (September 10, 1970): 337.

10. CGE Archive, *ibid.*, no. 7, 1971–73, Acta no. 194/71 (November 8, 1971): 100–150; *ibid.*, Acta no. 203/72 (September 11, 1972): 155–56; *La Opinión*, September 10, 1972.

11. CGE Archive, Libro de Actas, Comisión Directiva, 1971–74, no. 7, Acta 218/1973 (November 12, 1973): 384–85.

to a leftist revolution, and a belief that the right was thoroughly discredited after seven years of military rule while the revolutionary, anticapitalist left's star was on the rise.¹² What was needed therefore was a revolution made by the national bourgeoisie—either that or face the establishment of a socialist state.¹³

The return of Peronism to power in 1973 gave the CGE the opportunity to put into practice all the ideas and programs it had been advocating for more than twenty years. For the first year and a half of the 1973–76 Peronist government, the economic program implemented was essentially that of the CGE, and Gelbard was its executor.¹⁴ Perón had come to believe, in no small part because of Gelbard's powers of persuasion, that the CGE's plan would lay the basis for national reconstruction and conciliation, with business and labor united in a common cause. He therefore ordered president-elect Héctor Cámpora to appoint Gelbard the new Peronist government's economic czar and Perón retained the former CGE president when he succeeded Cámpora in the presidency in September 1973. In addition to Gelbard, there were many other CGE members in the various subministries of Gelbard's cabinet post. CGE members also sat on the government's price and wage control committee (Comisión de Precios, Ingresos y Nivel de Vida), with a leading CGE activist from its commercial wing, Bernardo Kñallinsky, serving as president of the committee, the most important government agency responsible for implementing what was the cornerstone of Gelbard's economic program: the Pacto Social. CGE members also sat on the strategic national grain and meat boards (the Junta Nacional de Granos and Junta Nacional de Carne), and the CGE was given the special task by the Social Welfare Ministry of forming a committee to study plans for a national unemployment insurance, which it alone among the country's capitalist groups had

12. CGE Archive, Libro de Actas, Comisión Directiva, 1971–74, no. 7, Acta no. 212 (May 24, 1974): 280–84. In his speech to the CGE General Assembly after being offered the Ministry of Economy, Gelbard said: "To the right of us there exists nothing, at most a worn-out symbol that no one wants to return to. The only other possibility is what exists to the left of us; and the failure that will result from not staying true to the principles we have upheld and the movement that the CGE and its leaders have been building throughout our history could create a situation with unforeseen consequences."

13. Here again, Gelbard's words are instructive on the CGE's mood on the eve of the assumption of power: "We have to make a peaceful revolution, we want peaceful change. I say revolution because I believe that . . . we have to be revolutionary in a pacific way, the way that national businessmen [*el empresariado nacional*] have always been." CGE Archive, Libro de Asambleas, 1973 Asamblea General (April 23, 1973): 46–47.

14. The economic program presented by the CGE on the eve of Peronism's return to power was almost plank for plank the same as that adopted by the new government. See Confederación General Económica, "Sugerencias del empresariado nacional para un programa de gobierno," March 1973.

been calling for.¹⁵ CGE members were even selected for diplomatic posts. Outside the government, the CGE served as a kind of shadow advisor to Gelbard and propagandist for the Three-Year Plan. In late 1973, for example, it began to sponsor a weekly television program, *El País: Un Gran Compromiso Nacional*, featuring members of the CGE executive committee and a “popular panel” composed of businessmen, workers, students, journalists, homemakers, and others who discussed and debated various facets of the government’s economic program.¹⁶

With the economics ministry in its hands and with its highly visible presence inside and outside the government, the CGE reinforced its image as a Peronist organization; and indeed there was a considerable degree of ideological compatibility between Peronist popular nationalism and the CGE’s guiding philosophy. But Gelbard’s and the CGE’s program also represented something that had been developing in the country for more than two and a half decades free from Peronist tutelage: a mobilization of small businessmen behind the banners of economic nationalism and federalism. Its program called for effective state regulation of foreign capital and for restricting the access of foreign multinationals to local credit and limiting profit remittances to 14 percent of their gross profits. Gelbard proclaimed that the new government would henceforth grant foreign investment rights on an individual basis (in some case by industry, in others by company) and that it would prohibit foreign investment altogether in sectors of the economy vital to national security such as banking, oil, and public utilities.¹⁷ Other facets of the program such as protection of “national” industry, bank credits, and low interest loans for small business, tax reform, a plan to promote regional economic development, an agrarian reform law, and state control of foreign trade—whatever their ultimate effectiveness—were all long-standing proposals by the CGE.¹⁸

Gelbard and the CGE did not, as many of their detractors then and since have contended, wish simply to return to distributive economics and

15. CGE Archive, Libro de Actas de Comisión Directiva, 1971–74, no. 7, Acta 219/73 (December 10, 1973): 416–17, 419; Sidicaro, *Los tres peronismos*, 113–14; Rougier and Fiszbein, *La frustración de un proyecto económico*, 60.

16. *Ibid.*, Acta no. 218/1973 (November 12, 1973): 384–85. Shows were broadcast dealing with such issues as foreign trade, wages and prices, agricultural policy, and industrial development.

17. CGE Archive, “Política Económica y Social: Ruptura de la Dependencia,” Speech of José B. Gelbard to the Governor’s Conference, Buenos Aires, July 31, 1973, 26–28.

18. CGE Archive, “Sugerencias del empresariado nacional para un programa de gobierno,” 24–27; See also *ibid.*, Libro de Actas de Comisión Directiva, Acta no. 193/71 (October 16, 1971): 494–96, in which the CGE, at a time when a return to Peronist government looked remote, spells out its economic program, virtually the same one in 1973 as minister of economy.

priming the pump through increased domestic demand. For however quixotic, the Three-Year Plan was a serious, multifaceted attempt to attack the monopolistic structure and practices of Argentine capitalism and break with the country's reliance on multinational capital without returning to the inflationary policies of the past.¹⁹ It therefore represented, in some ways, a significant departure from the economic programs followed by the country's governments since 1955, particularly those under military governments since 1966. For example, to finance the plan, Gelbard aggressively promoted international trade, opening up commercial relations with Cuba, Romania, Czechoslovakia, and other socialist-bloc countries.²⁰ Gelbard and the CGE promoted their "national capitalism" as the realistic revolutionary option, not only for Argentina but also for all of Latin America, and they sent delegations to Mexico, Venezuela, and other Latin American countries to meet with small businessmen's organizations in those countries to preach its message.²¹

The Three-Year Plan was certainly in the Peronist tradition of grandiose attempts at national economic planning, often more effective as instruments of government propaganda than feasible and effective programs for promoting economic development. Despite their symbolic importance and the role they played in deepening support for a national capitalist project, the two Five-Year Plans from Perón's previous governments certainly had been excessively ambitious, if somewhat improvised, and they produced only, at best, very modest results. The First Five-Year Plan, in particular, was a collection of individual bills presented by Perón to the Congress than an integrated plan. Gelbard's Three-Year Plan was a much more elaborated and integrated program, the final realization of the CGE's positions, which had been studied and debated in the organization over the course of two decades.

As a plan, as discussed in the previous chapter, virtually no aspect of the national economy was left out—industry, technology and science, tax policy—all were included, and the reforms proposed were significant. For example, unlike Perón's two Five-Year Plans, the Plan Gelbard sought to

19. For example, the CGE offered concrete proposals on the issue of tariff reform, actually urging "liberal" policies and the free importation of primary products and basic inputs not nationally produced to avoid the under supply of goods and a black market. See *La Opinión*, April 13, 1973, 12.

20. On the *Plan Gelbard*, see Rougier and Fiszbein, *La frustración de un proyecto económico*, chaps. 2, 3; de Riz, *Retorno y derrumbe*, 83–92; and Canitrot, "La experiencia populista de redistribución de ingresos." For a highly critical and strictly technical analysis of the plan that shows little understanding of its complex social and political underpinnings, see Sturzenegger, "A Description of a Populist Experience: Argentina, 1973–76," 77–120.

21. CGE Archive, Libro de Actas de Comisión Directiva," 1971–74, no. 7, Acta 223/74 (April 9, 1974): 464, 466–67.

implement agrarian reform. Under the supervision of the secretary of agriculture and Horacio Gilberti, one of the country's foremost authorities on agricultural issues, a series of bills were drafted for increasing agricultural production through structural reforms in land tenancy. Among the specific reforms that were adopted were laws that suspended all eviction proceedings against sharecroppers (*arrendatarios* and *aparceros*), facilitated to credit to those sharecroppers who had already been evicted from estates in order that they might acquire land, encouraged the establishment of cooperatives in the production and marketing of agricultural commodities, prohibited foreign investment in agriculture unless technological improvements accompanied the investment, nationalized the foreign marketing of meat, established the state supervision of the marketing of grains and oils, and, most important, taxed unproductive and underuse land.²²

The cornerstone of the Three-Year Plan was a wage and price control plan, the Pacto Social. Business and labor were to harmonize their interests through representation on a council (the Comisión de Precios, Ingresos y Nivel de Vida) to advise the government on economic policy and thereby eliminate inflation through dialogue and compromise.²³ Wages and prices were to be frozen for two years, to buy social peace and to break the cycle of structural inflation that would permit economic planning and capitalist reform. For the first several months of Gelbard's ministry, the CGT and the CGE were in constant communication, and the Pacto Social was a qualified success.²⁴ Nevertheless, Gelbard and the CGE seriously overestimated the unity within the ranks of both business and labor on such a program. The anticapitalist, *clasista* currents at work in the trade unions and the general explosion of militancy in the workplace throughout the country were serious threats to the Pacto Social. But business was hardly united behind the program. In the first months following Gelbard's selection as minister,

22. Sidicaro, "Poder y crisis de la gran burguesía agraria argentina," 82–83.

23. "Hacia la justicia social y la independencia económica," *Opinión Económica*, Año IV, no. 39 (June 1973): 2–3. For the CGE, the *Pacto Social* was not merely an anti-inflationary program but part of a larger project to defeat an "anti-national, anti-communitarian liberalism" in pursuit of "economic independence."

24. Not only did the CGE maintain close contact with the CGT, it also did with the nationalist factions of the military. By way of illustration, the CGE executive committee received the nationalist leaders of the three branches of the armed forces—Lt. General Jorge Carcagno (Army), Admiral Carlos Alvarez (Navy), and Brig. General Héctor Fautario (Air Force)—to apprise them of a recent meeting of the "Asamblea Nacional de Entidades Empresarias." CGE Archive, Libro de Actas de Comisión Directiva, Año 7, 1971–74, Acta no. 218/73 (November 12, 1973): 318–82. Gelbard in particular foresaw the need to create a broad alliance of nationalists both within and outside the parties to have any chance of success with implementing the Three-Year Plan. His conversations with the Montoneros, which Seoane discusses, can also be attributed to such concerns.

there had been a rush from business organizations to join the CGE. The country witnessed the unseemly spectacle of firms and industrial chambers that had never been active in the CGE and in some cases had been openly hostile suddenly eagerly petitioning to join.²⁵ This did not represent any support for the government or commitment by them to the Three-Year Plan's success; it was merely an attempt to avoid remaining outside the networks of power and influence. Moreover, the country's leading economic groups, especially the landed interests organized in the Sociedad Rural, resolutely opposed Gelbard and remained hostile to the CGE and its program.

Nevertheless, there were some grounds for optimism. One reason for believing in the plan's success was that the CGE's historic adversary, the Unión Industrial Argentina (UIA), was now an ally of sorts. The long-standing rift between the UIA and the CGE had started to heal in the 1960s as the country's industrialists began to agree to state intervention to protect industry. Already in the early 1960s, there were feint signs of converging points of view on some issues. For example, the Banco Central's June 1962 decision to establish public subsidies (*régimen de redescuento de emergencia*) to businesses with liquidity problems, resulting from back taxes, wages, and payments to suppliers, was an occasion for both the UIA and the CGE to find common cause. The UIA protested the Banco Central's stipulation of a minimum of three hundred employees to qualify for such a loan, claiming it discriminated against small business. The UIA thus shared the same position as the CGE as well as organizations closely linked to the CGE, such as the CIFARA, which represented the country's auto parts manufacturers. CIFARA's president, Julio Broner, objected to the measure in terms similar to the UIA's, the only difference being the CIFARA's insistence that the Banco Industrial have sole responsibility for distributing the credit while the UIA supported shared responsibility between the Banco Industrial and the country's other public banks.²⁶

It was under Onganía and the effects on national industry that his economic program entailed when conditions were created for more than episodic cooperation. In 1967, the UIA's leading industrialists, including some with close links to multinationals, effectively seceded from the organization,

25. CGE Archive, Libro de Actas de Comisión Directiva, no. 7, 1971-74, Acta no. 213/73 (June 12, 1973): 295-97; *ibid.*, Acta no. 214/73 (July 10, 1973): 312-13.

26. BI Archive, Correspondencia, Legajo 90145, Letter from the UIA to Minister of the Economy, Alvaro Alsogaray, June 27, 1962; *ibid.*, Letter from the Cámara Industrial Fabricantes de Automotores, Repuestos, Accesorios y Afines" to Minister of Economy, Alvaro Alsogaray, August 3, 1962. The CGE was also increasingly critical of international finance and multilateral lending agencies, especially the International Monetary Fund.

forming the Consejo Empresario Argentino (CEA) in alliance with the Asociación Coordinadora de Instituciones Empresarias Libres ACIEL, thereby changing the complexion of the UIA and making it more susceptible to pressures from its small and medium-sized industries.²⁷ As the UIA became an organization for small and middle-sized industrialists, though still with its base in Buenos Aires, the points of agreement with the CGE increased.²⁸ Pressures from the metalworking industrialists to adopt more nationalist positions were particularly influential in changing the UIA's orientation. By the early 1970s, its public proclamations and its publications revealed many positions that closely resembled those of the CGE. Among its recommendations was a demand to regulate foreign investment closely and to give preference to the investment of capital in existing "nationally owned" companies or to foment new ones that committed to reinvesting in the country.²⁹ In 1972, the UIA joined the CGE in opposing a treaty signed by the Lanusse government establishing free trade between Argentina and Paraguay because it was afraid to open up the country to contraband, a treaty that ACIEL supported.³⁰

The ACIEL feared the nascent alliance between the CGE and the UIA and tried on several occasions to defuse its potential by working through the Federación Económica de Buenos Aires (FEBA), the CGE's economic federation representing the province of Buenos Aires. In this federation, both *desarrollismo* and the large landed interests in the Sociedad Rural had gained a considerable degree of influence by the early 1970s. The FEBA had long been regarded as a fifth column within the CGE and had even begun regularly to attend ACIEL meetings, harshly criticizing the CGE leadership. On several occasions, it had been censured by the CGE for "insubordination," and a failed attempt by the FEBA to gain control of the peak association was only frustrated by a vigilant CGE executive committee.³¹ In reprisal for the

27. Schvarzer, *Empresarios del pasado*, 134.

28. The UIA nonetheless continued to represent predominantly the larger, nationally owned firms. In 1967, the UIA's affiliated firms purportedly accounted for 90 percent of all industrial production and employed 95 percent of all industrial workers. The CGE, in contrast, claimed that its 1,520 affiliated chambers represented some 20,000 individual businesses, one million individual members and thus 90 percent of all businessmen, thereby being the chief spokesman of small business. Ayres, "The 'Social Pact' as Anti-Inflationary Policy," 478–79.

29. *Revista de la Unión Industrial Argentina* (October–December 1970): 44; *ibid.* (July–September 1971): 3–10; *ibid.* (April–June 1971): 8.

30. Seoane, *El burgués maldito*, 198.

31. CGE Archive, Libro de Actas de Comisión Directiva, 1971–1973, no. 7, Acta no. 198/72 (April 10, 1972): 81–82; CIMC Archive, Carpeta "CINA/CGE," Texto de Las Notas Enviadas por la CGE a la Federación Económica de la Provincia de Buenos Aires, May 10, 1972.

FEBA's attendance at an ACIEL meeting following the March 1973 elections—interpreted by Gelbard as evidence of participation in a conspiracy to prevent the incoming Peronist government from implementing the CGE's economic program—the FEBA was suspended from the CGE altogether.³²

The threat that Gelbard's program represented to the dominant economic interests of the country was enough to prevent any semblance of unity among the country's capitalist classes. Following a brief period of formal support, the leading business groups launched an offensive against Gelbard, the CGE, and the Three-Year Plan. After the FEBA's failure to wrest control of the CGE away from Gelbard, the ACIEL unleashed a bitter press and defamation campaign, especially questioning the integrity of the CGE's nationalist positions. The most serious attack, and the one that did the greatest damage to Gelbard personally, was the revival of old accusations that Gelbard and other CGE members had set up sweetheart contracts with Lanusse's government as partners in the government-subsidized aluminum plant, Aluar, in the Patagonia. Such accusations had led the CGE just months before to threaten the ACIEL with a lawsuit for slander.³³

Gelbard and the CGE attempted to counter the mounting opposition to their program by uniting the country's industrialists into a single organization. In August 1974, under heavy pressure from now Minister of Economy Gelbard, the UIA fused with the CGE's industrial wing to form the Confederación Industrial Argentina (CINA). The greater points of agreement notwithstanding the alliance for the UIA was essentially one of convenience, the result of the industrialists' belief that they needed to be working on the inside.³⁴ But for the industrialists of the interior, the new organization was welcomed as a real opportunity to unite the country's industrialists behind a nationalist program. The initiative for the CINA had actually come more than a year before Gelbard's decision when provincial industrialists, led by the CIMC, had established in April 1973 the Comisión Coordinadora de Entidades Industriales del Interior and formally petitioned the new government to establish a single industrialists' association. This may explain why

32. CGE Archive, Libro de Actas de Comisión Directiva, no. 7, 1971–74, Acta no. 210/73 (April 9, 1973): 271–76.

33. CGE Archive, Libro de Actas de Comisión Directiva, 1971–73, no. 7, Acta no. 204/72 (October 9, 1972): 178–80.

34. Alfredo Concepción, president of the “Confederación de la Industria,” at the time of the fusion, claims that the UIA continued to retain a deep suspicion of the CGE's nationalist program that obstructed the effectiveness of the new organization. Interview with Alfredo Concepción, Buenos Aires, August 12, 1996.

CIMC and Federación Argentina de Industrias Metalúrgicas del Interior (FAIMI) president, Carlos Coqueugniot, was named the CINA's first president.³⁵

The leadership role of the Cordoban metallurgical industrialists in the CINA and their influence on Gelbard's ministry had been several years in the making. Since the establishment of Onganía's dictatorship in 1966, the CIMC had been at the forefront in criticizing both the free importation of finished auto parts (at the same time, it argued in favor of the free importation of inputs for their local manufacture) and the vertical integration permitted the auto terminals under Onganía. The CIMC's attraction for a *nacional y popular* economic program was closely related to changes in the auto industry that intensified after 1966. Both Gelbard and Broner, whose business interests depended heavily on the same sector, were sympathetic to the CIMC's concerns, and one of the first things Gelbard did as minister was to establish the Comisión Asesor de la Industria Automotriz to deepen the nationalization of the auto parts industry.³⁶ The CIMC wielded a decisive influence in the commission. The Cordoban metalworking industrialists were similarly influential within the CINA. With the CGE, however, the CIMC's relationship was a more expedient one. Though the CIMC now played a prominent role in Córdoba's economic federation, it preferred to deal directly with the CGE leadership. Córdoba's federation was much less active in the CGE's congresses, meetings, and plenary sessions than federations such as those of Tucumán and the Chaco, and though the CIMC in theory represented a powerful regional economy, the organization was too precarious financially to wield any kind of preponderant influence within the CGE.³⁷

Fitful participation in the CGE nonetheless did not prevent a deep identification with the ideology and policies embedded in the Three-Year Plan. Shortly after his assumption of the ministry, Gelbard named Carlos Coqueugniot, then president of the CIMC and of the FAIMI, to the board of directors of the Banco Nacional de Desarrollo (BANADE). A year later, in August 1974, he would be appointed first president of the CINA, an appointment that gave the CIMC a singular influence among the country's industrialists

35. Schvarzer, *Empresarios del pasado*, 147.

36. Broner had already made clear the importance he attached to the auto parts sector in his coauthored study, a virtual manifesto of the national bourgeoisie, published at the height of the Onganía dictatorship, *La revolución industrial Argentina*. Argentine industry's technological development was seen to hinge on the survival of the nationally owned auto parts sector and Broner urged a close regulation of the auto industry by the state to prevent outsourcing and to encourage national industry.

37. The CIMC's legal advisor and principal intermediary with the CGE in these years, Héctor Rocha, relates that the CIMC preferred to lobby directly with the CGE's hierarchy of Gelbard, Broner, Dujovne, and Recalde rather than become deeply involved in the CGE's internal procedures. Interview, Héctor Rocha, Córdoba, August 20, 1999.

for a period of time. In its 1973 *Memoria*, the CIMC lauded the Three-Year Plan for having “implemented a program with a clear national content whose principal objectives could be summarized as reconstruction and liberation,” while it praised the Pacto Social whose guiding philosophy, it said, “accepts the idea of class harmony . . . abandoning ideologies foreign to our way of life.”³⁸ Indeed, the Pacto Social promised the CIMC members to gain control of spiraling labor costs made worse by the wage concessions granted in collective bargaining agreements in early 1973. Like the metal-working industrialists of greater Buenos Aires, and perhaps more so given the high degree of labor mobilization in Córdoba, the CIMC heartily supported the wage and price freeze agreed to, with few criticisms heard during the first six months of Gelbard’s ministry. After signing the Pacto Social, the CIMC’s internal proceedings spoke frequently of “the necessity of stabilizing prices,” and several months later, the CIMC laconically transmitted to its membership the government’s unwillingness to recognize modifications in the price freeze without expressing any criticism of the decision.³⁹

There were, however, tensions and contradictions in the CIMC’s new national prominence and influence within industrialists’ ranks and in Gelbard’s ministry. The Cordoban industrialists’ participation and cooperation with the national government came amid the dramatic labor conflicts and social protests in the Córdoba of those years. Belief in the possibility of an alliance, even a truce, with the unions was certainly much weaker among Córdoba’s industrial bourgeoisie than it was in many other parts of the country.⁴⁰ A discursive identification with the ideals of the social responsibilities of capital, of the virtues of an alliance with the workers, or of social justice was often belied by intense class conflict and deep suspicions of the unions. The CIMC had certainly never attempted anything similar to the Pacto Social in its own bailiwick and maintained a hard line on issues of shop floor control, productivity, and wages.⁴¹ Indeed, the two galvanizing issues that

38. CIMC Archive, “Memoria: 1973,” I.

39. CIMC Archive, *Actas de Asambleas Ordinarias*, no. 5, 1972–1977, *Actas de* (June 25, 1973): 100 and (October 29, 1973): 127.

40. Concerns about labor militancy and the growing radicalization of Córdoba’s unions were frequently expressed in the CIMC’s internal proceedings and public statements from the late 1960s on. A representative circulating memorandum emitted after the Cordobazo warned of the radical currents in the labor movement and their effects on the local auto industry, leading to a precarious situation for the local auto parts industry. CIMC Archive, “Circulares, 1969–71,” Circular no. 40/70, “Posición frente a la Paralización Industrial,” June 25, 1970.

41. In the 1971 collective bargaining negotiations for their industry, the CIMC and the provincial industrialists took a harder line than that of the industry as a whole, CIMC Archive, *Carpeta “FAIMI,”* Letter from CIMC to Dr. Juan A. Luco, Labor Ministry, March 27, 1971.

had propelled the Cordoban metallurgical industrialists into activism—the *quitas zonales* and the *sábado inglés*—were both directed against the unions. The CIMC ultimately seemed more attracted to the practical implications of the Three-Year Plan and its potential to control the unions through the wage and price freeze and to strengthen the centralized Peronist union machinery than to its populist message. Sectoral concerns also weighed heavily. Gelbard's proposal to group all the state enterprises into a single enterprise undoubtedly appealed to the CIMC members because of long-standing concerns with the erratic supply of materials, especially sheet metal from SOMISA, and high utility prices.

By early 1974, the CIMC was already showing clear signs of disenchantment with the terms of the Pacto Social. The price freeze required of the employers was beginning to be regarded as onerous in light of increasing nonlabor costs, especially with the onset of the international oil crisis. Demands for its revocation began to appear in its internal debates.⁴² Any faith that Córdoba's industrialists may have had in the philosophy of class harmony began to wither in the face of the continued radicalization of the local labor movement and intensification of class conflict in the workplace in these months.⁴³ Pressures from the CIMC for a modification in economic policy had prompted Gelbard to push for Coqueugniot's appointment as head of the CINA in August 1974. With its longtime president as the titular head of the country's industrialists, the CIMC sought to use its access to the halls of power to resolve the chronic problems of their industry; the heady language of the first days of Gelbard's ministry all but disappeared from its public pronouncements and private debates.⁴⁴

In reality, Coqueugniot's appointment as president of CINA represented only a slight increase in the influence of the CIMC in Gelbard's ministry.

42. CIMC Archive, "Memoria 1973," I; *ibid.*, "Libro de Actas de la Comisión Directiva," no. 5, 1972–77 (April 6, 1974): 148.

43. The CIMC described the labor situation in 1974 in the following terms: "With regard to the labor situation, the unions' tactics have changed. There are no general strikes but rather demands for higher wages, disregarding all legal procedures, are made factory by factory. The methods adopted are personal intimidation and reducing the already low levels of productivity. There are factories which are working at 20% of their normal capacity and that still have not recovered their production even after granting wage increases, bonuses and wage supplements." CIMC Archive, "Memoria 1974," 2.

44. The CIMC's archive is replete with correspondence from 1974 and 1975 requesting that Coqueugniot intervene to solve concrete problems. For example, the metalworking industrialists' problems with the supply of materials forced them to establish a cooperative, the "Cooperativa de Provisión y Comercialización de Pequeños y Medianos Industriales Metalúrgicos de Córdoba Ltda." (CIMCOL). In one letter, the CIMC asked that Coqueugniot pressure SOMISA to deliver the sheet metal it had agreed to sell to the local cooperative. CIMC Archive, Carpeta "CINA/CGE," Letter from CIMC to Carlos Coqueugniot, president of the CINA, October 28, 1974.

From his position on the board of directors of the BANADE, Coqueugniot had been in a position to offer vital support on the crucial issue of credit. In his appointments as the new minister of economy, Gelbard had especially favored CGE loyalists in the financial system, especially in the three most strategic public banks: the Banco Central, the Banco de la Nación, and the BANADE.⁴⁵ As in the 1940s and 1950s, the BANADE (the former Banco Industrial) was the key public bank in cementing alliances between fractions of the bourgeoisie, regional economies, and the Peronist government. One of Gelbard's first measures as minister had been to replace the BANADE's board of directors with new individuals. The incoming president, Dr. Ernesto Pascual Paenza, its vice president, Dr. José Domingo Shaw, and virtually all of its board members, including Coqueugniot, were figures closely associated with the CGE. In his first address to the new board, Paenza stated that the bank's mission was to become a more active agent in developmental projects with an emphasis on small business.⁴⁶ The BANADE reformed its statutes to benefit national capital, extend loans to nonindustrial undertaking where such national capital predominated, and generally to become fully integrated into Plan Gelbard's reform program.⁴⁷ Yet the BANADE, whatever long-range ambitions Gelbard and Paenza may have harbored for it, seemed to serve its traditional role of rewarding constituencies, solidifying alliances, and rescuing beleaguered companies. The BANADE was, it is true, deeply involved in the elaboration and promotion of Gelbard's Three-Year Plan; and in the national publicity campaign undertaken in early 1974 in support of the plan, the bank was the government agency Gelbard used to enlist the support of both the CGE and CGT.⁴⁸

Yet more notable was the improvised use of credit, without any apparent long-range planning and responding essentially to a political logic and personal influence. The BANADE extended most of its loans to cover wages and the *aguinaldo* bonus, thereby maintaining a truce with labor that formed the cornerstone of the Pacto Social, as well as guaranteeing the solvency of public sector companies, also with large labor forces.⁴⁹ Provincial economies closely tied to the CGE, such as those of the northwest and the northeast, were also singled out for large loans. The Chaco, for example, received a significant loan for its much sought after road construction program, whereas

45. Seoane, *El burgués maldito*, 252.

46. BI Archive, Libro de Actas, no. 304, vol. 1, June 1973, Acta no. 1965 (June 19, 1973): 3359.

47. Rougier and Fiszbein, *La frustración de un proyecto económico*, 176–77.

48. BI Archive, Libro Copiador, no. 35, Letters to the CGE and CGT, February II, 1974.

49. Rougier and Fiszbein, *La frustración de un proyecto económico*, 177–78.

Tucumán was the recipient of several unusually large loans on favorable terms to support the province's struggling sugar industry.⁵⁰ Influential CGE members such as the Federación Argentina Agraria (FAA) were also beneficiaries of the bank's largesse, in this case of unspecified use, even though as a nonprofit businessmen's association the FAA was not eligible for the bank's loans.⁵¹ The CGE received a sizable loan, again contravening the bank's statutes, to hold a Congreso Nacional de la Industria early in Gelbard's ministry for establishing the CINA.⁵²

Among the industrial sectors, the metalworking industries received loans predominantly to consolidate debts or to pay the labor force, though "plant modernization" was also a criterion for some loan approvals. A typical loan was one made to the country's oldest and most important, though publicly owned, firms. La Cantábrica received a loan for nearly 3 million pesos to pay for salary increases awarded in the Pacto Social.⁵³ The auto parts industry was especially favored and Cordoban firms were major beneficiaries. Loans to Forja Argentina S.A., a manufacturer of wheels for Ferrocarriles Argentinas, to Industria Latinoamericana de Acesorias SAICFM, a manufacturer of seats and accessories for automobiles, and S. Prati y Cia., a manufacturer of car radiators, were sizable loans of 5 million, 10 million, and 10.5 million pesos, respectively.⁵⁴ Nor were the metallurgical firms the only ones to benefit from this special treatment. The bank made a point of apprising Unión Obrera Metalúrgica (UOM) affiliates when one of its loans went to firms where sizable numbers of UOM members were employed, and the Peronist unions often were informed of the BANADE's loan dispersals.⁵⁵

Perhaps the most revealing aspect of the BANADE's behavior in these years, however, was the extent to which the CGE leadership made use of public

50. B1 Archive, Libro de Actas, no. 341, June 1974, vol. 2, Acta 2041 (June 1974): 10153; *ibid.*, Libro Copiador no. 29, vol. 1, Letter from B1 to Ministerio de Economía, September 10, 1973; *ibid.*, Libro de Actas, no. 330, vol. 2, Acta no. 2023 (February 1974): 3167. The bank made loans in late 1973 and 1974 to both the provincial government for 100 million pesos to pay wages and the *Unión Cañeros Azucarera Nuñorco S.A.* for 18 million pesos to purchase machinery and undertake a modernization program.

51. B1 Archive, Libro de Actas, no. 321, vol. 3, Acta no. 2005 (November 1973): 13041.

52. B1 Archive, Libro Copiador no. 31, Letter to Dr. Alfredo Concepción, President of the Confederación General de la Industria, August 9, 1973.

53. B1 Archive, Libro de Actas no. 306, July 1973, vol. II, Acta no. 1972 (July 19, 1973): 4971; *ibid.*, no. 307, July 1973, vol. 3, Acta no. 1975 (July 30, 1973): 5325–26.

54. B1 Archive, Libro de Actas, no. 329, February 1974, vol. 1, Acta no. 2021 (February 1974): 2659; *ibid.*, no. 338, May 1974, vol. 2, Acta no. 2035 (May 1974): 7491–92; *ibid.*, no. 341, May 1974, vol. 2, Acta no. 2041 (May 1974): 10450.

55. Rougier and Fiszbein, *La frustración de un proyecto económico*, 177. As an example, see the letter to the UOM local in the B1 Archive, Libro Copiador no. 31, 1973, "Provincias Varias," August 21, 1973.

credit. Gelbard, Broner, and Recalde were all major beneficiaries of low-interest loans for their various business ventures. Broner's firm, Wobron, received two large loans for "strengthening its financial structure." In June 1973, just weeks after Gelbard assumed the ministry, the BANADE granted Wobron a loan to cancel its outstanding debts. A year later, a loan of almost 2 million pesos was granted for the same purpose, and at 19 percent annual interest, well below what private banks were offering and even lower than the BANADE's going rate.⁵⁶ Recalde received an even larger loan for his textile company Suixtil S.A., a three-year loan of 3 million pesos at 20 percent annual interest as a *resfuerzo de estructura financiera*.⁵⁷ One can only speculate that Dujovne's premature death in 1975 was all that prevented a loan being granted under similarly generous terms from the Banco Industrial for his construction business.

It was Gelbard, however, who made the greatest use of the Banco Industrial. FATE received large loans in October 1973 (6.5 million pesos) and several months later had its debts transferred to a finance company (Prader) in which Gelbard was reputedly an owner.⁵⁸ In 1974, the BANADE granted FATE a major loan of nearly 13 million pesos to build a plant that would manufacture the country's first domestically produced electronic calculators (*Cifra*), to be followed several months later by a loan of 2.6 million pesos to allow FATE to pay the midyear installment of the annual *aguinaldo* and even a loan of nearly a million pesos so the company could purchase a private plane.⁵⁹ Gelbard's other business ventures also fared well by the BANADE. In April 1974, Aluar Aluminio Argentino S.A., the aluminum plant in Puerto Madryn (Chubut) in which Gelbard was a major stockholder received a 3-million-peso loan. What was interesting about this particular loan was that the guarantee offered on it was neither capital nor property but the collateral (*aval*) of the Secretaría de Hacienda, that is, the government itself.⁶⁰

It would be easy to attribute the use of the BANADE to the cynical use of power to further private ends, at the very least to the shenanigans of a coterie of business parvenus who had risen from obscurity to the highest positions of government. Yet there was not necessarily anything incompatible

56. BI Archive, Libro de Actas no. 304, June, 1973, vol. 1, Acta no. 1966 (June 25, 1973): 3563; *ibid.*, no. 340, June 1974, vol. 1, Acta no. 2039 (June 1974): 9302.

57. BI Archive, Libro de Actas, July 1974, Acta no. 2043 (July 12, 1974).

58. BI Archive, Libro de Actas, no. 318, vol. 4, Acta no. 1998 (October 1973): 10782; *ibid.*, no. 322, vol. 1, Acta no. 2007 (December 1973): 13483.

59. BI Archive, Libro de Actas, no. 339, vol. 3, Acta no. 2037 (May 1974): 8414; *ibid.*, Acta. no. 2048 (August 8, 1974): Acta no. 2054 (September 26, 1974).

60. BI Archive Libro de Actas, no. 335, vol. 1, Acta. no. 2029 (April 1974): 5370.

with such behavior and Gelbard's and the CGE's nationalist ideology and program. Convinced that they were leading the *burguesia nacional* in a project of national liberation, were indeed the very embodiment of it, Gelbard, Broner, and Recalde had no qualms about using the state's resources to strengthen their companies as part of an overall program of protecting national capitalists and deepening national capitalism. They also rightly assumed the state and public credit, including those of the BANADE, had been routinely used by other fractions of the Argentine bourgeoisie to their benefit, most recently by the large financial and industrial groups catered to by the military governments in power from 1966 to 1973.⁶¹

Nonetheless, the leaders of the CGE for years had been engaged in a complex game of building their business empires while representing the small businessmen of the interior. Though the democratic structures existed in the CGE and participation by the *bolicheros* was high, the CGE leadership had long had direct contacts with the state that allowed them to negotiate independently of the organization. The most recent example was Gelbard's negotiations with Lanusse's government leading to the Aluar deal. During Gelbard's ministry, both he and Broner were also undoubtedly using the CGE as an instrument to fend off the auto multinationals' policies to end outsourcing and to integrate their enterprises globally. This complex game became increasingly untenable once Gelbard was minister of economy and expected by the CGE and its members to give priority to the significant reforms that the Three-Year Plan proposed.

An even greater problem was that the "national bourgeoisie," though perhaps united ideologically behind the Plan Gelbard, was too diverse a group to reconcile its individual interests once the practical implications of the economic program became clear, a fact that reveals the inherent political weakness of this sector of the country's capitalist classes and the limits of the Peronist populist alliance. The national bourgeoisie's heterogeneity meant that its interests ultimately could not be served by a single organization or a single economic program, even one with such a programmatically nationalist and federalist content such as the Three-Year Plan. The alliance cobbled together in the Pacto Social began to crack, and not only because of defections from labor but also because of those in an increasingly divided business sector. The political weakness of the Peronist government only reinforced the contradictions of the economic program.⁶² The UIA members especially

61. See Niosi, *Los empresarios y el Estado argentino*, 151, and especially Rougier, *Industria, finanzas e instituciones en la Argentina*.

62. De Riz, *Retorno y derrumbe*, 91–92.

grumbled about price controls while opponents representing large Buenos Aires capitalist groups, such as the Sociedad Rural and the Cámara Argentina de la Construcción, in August 1975, formed the Asamblea Permanente de Entidades Gremiales Empresarias (APEGE) to oppose publicly the CGE's economic program.⁶³

Dissent existed even among CGE's stalwarts. One of the first defections was that of the small farmers of the pampean provinces represented in the Federación Argentina Agraria (FAA). Though the FAA had only belatedly joined the CGE in the late 1960s, by the time of Gelbard's ministry, it was one of the most influential members in the CGE's agricultural wing. The FAA members had supported Gelbard's plans to undertake agrarian reform and to establish a tax on underused land but not the attempt to keep agricultural prices low for the government's working-class supporters; the latter ultimately proved to be a more important priority than the former. The proposed agrarian reform stalled and was abandoned by the CGE in late 1974.⁶⁴ An even bigger blow came when the Movimiento Empresario del Interior (MEDI), established in 1974 as a separate organization representing, among others, the northwest sugar economies, opposed to a price freeze on sugar also withdrew active participation from the CGE. Tucumán's economic federation led the defection, thereby depriving the CGE of what had been traditionally one of its strongholds, though one increasingly at odds with the CGE national leadership.⁶⁵

Tensions between the FET and the CGE had been on the rise since the early 1960s. After Gelbard's ascension to the ministry, the points of friction seemed only to worsen. The FET remained insistent on a vigorous intervention by the peak association to resolve the province's now critical economic problems. Virtually all the representatives of the local sugar interests—the FET, the organization representing the large *cañeros*, the CACTU, and the Centro Azucarero Regional, representative for the most heavily capitalized *ingenios*, all now opposed land reform and the opening of new, large *ingenios* and argued instead for reopening those that had been shut down under Onganía.⁶⁶ Frequent visits by Gelbard and Broner to the province in the

63. Schvarzer, *Empresarios del pasado*, 211–14.

64. De Riz, *Retorno y derrumbe*, 103; Schvarzer, *Empresarios del pasado*, 103.

65. CGE leaders from the period also insist that Tucumán's defection was the culmination of years of work by *desarrollismo* to capture the FET, just as it had done with the FEBA in the province of Buenos Aires. No proof of such assertions exist, but *desarrollismo* certainly was active in such attempts and in at least one other province (Misiones) had been successful in its endeavors. Schvarzer's study of the UIA also adheres to this supposition. See *Empresarios del pasado*, 214–15.

66. FET Archive, Libro de Actas, March 11, 1974, 100–101

early 1970s had done little to impede the estrangement of the FET from the CGE. For the various fractions of the Tucumán bourgeoisie, the Three-Year Plan's reform proposals and ambitious project for building a "national capitalism" looked irrelevant, if not outright dangerous, amid a near total collapse of the provincial sugar economy. Shrill criticisms rang out both in the FET's internal debates and in its public statements of the agrarian reform law and continued talk of *cogestión* in the workplace.⁶⁷

In August 1974, after a long strike that paralyzed Tucumán's annual sugar harvest, the FET arbitrated an agreement to create a "Sugar Front" (*Frente Azucarero*) between the FET and the provincial CGT in opposition to the government's economic policies.⁶⁸ By early 1975, all the northwestern sugar economies were essentially operating independently of the CGE through the MEDI, an outgrowth of the NOA. The NOA had been established in 1969 and presided over by Chebaia and the FET to coordinate the interests of the sugar-producing provinces. The MEDI expanded to include a few other mostly poor provinces concerned that the CGE national leadership was failing on its promises of provincial development. In August 1975, Pedro Benejan, president of the FET, demanded that the entire CGE national leadership resign; months later the MEDI would repeat the demand.⁶⁹

Even within a single province, it proved impossible to keep the diverse business interests together behind the plan. The Chaco's agricultural economy was similarly in a state of crisis by the early 1970s. The production of cotton, *quebracho*, and tanin had fallen off precipitously. Cotton was hurt, above all, by a sharp drop in demand from the domestic textile market that was increasingly using synthetic fibers. The forestry sector was similarly affected by plummeting demand. Since these economic sectors were labor intensive, their decline had led to severe social problems, among them a major population exodus from the province and an upsurge in rural protest, organized through the *ligas agrarias*. To remedy this situation, the CGE had advocated state intervention in the form of price supports, tariff protection for cotton, and a local textile industry.⁷⁰ The Chaco's Peronist government, as it had during the Peronist governments of the 1940s and 1950s, went further than any other province in translating Peronist doctrine into reality as the provincial government launched a campaign to foment the *empresa justicialista*. All publicly owned companies were ordered to undertake a series of administrative

67. FET Archive, Libro de Actas, October 7, 1974, 187–88; October 15, 1974, 195–96; November 11, 1974, 211–13;

68. Federación Económica de Tucumán, *Memoria*, 1953–1992, 59–60; *La Opinión*, April 15, 1975, 20.

69. Schvarzer, *Empresarios del pasado*, 213–17, 222.

70. "La situación en las provincias: Chaco," *Opinión Económica*, Año 4, no. 38 (May 1973): 57–61.

reforms, among them to grant participation to their workers in planning and administration. In the case of the provincial electric company, the government proposed establishing advisory councils that would sit on the board of the company directorate to make decisions.⁷¹ Yet the businesses grouped together in the provincial federation ultimately could not reconcile their interests to support effectively either the national or provincial Peronist governments. The Resistencia merchants, who now dominated the federation, were not able to curb the independent ways of the cotton or timber interests who controlled the Chaco's economy and who proved to be far more concerned with the *ligas agrarias* and their own sectoral interests than with the Three-Year Plan.

A similar situation existed among the Cordoban metalworking industrialists who dominated Córdoba's economic federation. Though the CIMC members enjoyed privileged access to influence with the CINA through Coqueugniot, the inability of national economic policy to resolve local problems caused the Cordoban metalworking industrialists to lose interest in Three-Year Plan and in the CGE itself. By mid-1975, the CIMC was occupied with the daily interests of its membership, paying little attention to national economic policies. The vitriolic nationalism of recent years seemed to have dissipated quickly. Rather than confront the auto multinationals, the CIMC was inviting IKA-Renault and Fiat executives to discuss problems in the local auto parts industry and to work out a plan to alleviate the financial problems of the company's local parts suppliers.⁷² Support for the Pacto Social collapsed completely and the CIMC's relations with the Peronist government seem to have reached a breaking point in late 1975 when the CIMC asked Coqueugniot, unsuccessfully, to prevent the Labor Ministry's proposal of a 180-day "truce" in the country's factories, viewed as a capitulation to the unions for which business received nothing in return.⁷³ By early 1976, the heady early days of the Three-Year Plan seemed a world away, as the CIMC devoted its efforts to pressure the CINA to lobby on behalf of tax relief at the same time it was in negotiations with CIFARA and the major auto firms to work out favorable arrangements for prices and payments by the terminals to parts suppliers.⁷⁴

71. Ministerio de Economía y Obras Públicas. Provincia del Chaco, "Contribución para una doctrina de gobierno" (November 1974): 21-34.

72. CIMC Archive, Circulares 1975-1978, Circular no. 12/75, "Reunión 24/6/75 entre Directivos de IKA-Renault y Representantes de la CIMC," July 3, 1975.

73. CIMC Archive, Carpeta "CINA/CGE," Letter from CIMC to Carlos Coqueugniot, President of the CINA, October 15, 1975.

74. CIMC Archive, File "CINA/CGE," Letter from the CIMC to the CINA, February 19, 1976; *ibid.*, Circulares, 1975-1978, Circular 11/76, March 23, 1976.

The UIA effectively withdrew from the CINA just months after the latter's establishment and amid a deteriorating economic and political situation. The Three-Year Plan outlived Perón's death in July 1974 only by a few months. In October 1974, Gelbard was forced to resign. For its part, the CGE continued to pressure for the measures adopted during Gelbard's ministry even after its leader's resignation. The CGE opposed devaluation of the peso, demanded the implementation of the commercial agreements signed with the socialist bloc countries, as well as compliance with the Three-Year Plan, which the government was swiftly abandoning.⁷⁵ In February 1975, the CGE withdrew from the strategic Comisión Nacional de Precios y Salarios, the key bureaucracy in overseeing the Pacto Social. Throughout 1975, the defections from the CGE mounted and neither a national economic conference called by the CGE at the end of the year nor an employer's strike proposed in late February 1976 succeeded in resuscitating economic nationalism. Following the March 1976 coup, the military government interdicted all organizations belonging to the CGE. A year later, the country's new military leaders outlawed the CGE, and Gelbard fled the country and died in exile.

75. Seoane, *El burgués maldito*, 378; *La Opinión*, April 12, 1975, 12.



FINAL REFLECTIONS

The history of the Argentine bourgeoisie during the immediate postwar decades has parallels elsewhere in Latin America. Promotion of a “national bourgeoisie” became a trope for national-populist governments throughout the region. Some had institutional expressions comparable to the Confederación General Económica (CGE). In Brazil, a much weaker Confederação Nacional da Indústria (CNI) contested the hegemony in representation of the country’s capitalist groups by the powerful FIESP, failing to ever find a reliable political sponsor to represent its nationalist positions. In Brazil, the timing (the 1930s and during the war) and nature of corporatism differed greatly from Argentina’s experience. The links established between industrialists and the state under Getulio Vargas always remained elusive for Perón. Nor was there anything comparable in Brazil to the national mobilization of small businessmen such as occurred in Argentina through the CGE. Economic nationalism was on the rise in Brazil after 1945, reaching a high point in the 1950s through the studies of the so-called Group of Itatiaia and included leading economists such as Helio Jaguaribe, Candido Mendes de Almeida, and Roland Corbisier, who published the influential journal *Cadernos de Nosso Tempo*. Yet this remained essentially a movement of intellectuals, albeit with some fitful support from sectoral groups such as the auto parts industry.¹ In Mexico, the Cámara Nacional de la Industria de

1. Motta, *Empresários e hegemonia política*, 75.

Transformación (National Chamber of Manufacturing Industries) formed part of the alliance first cobbled together by Lázaro Cardenas in the 1930s. It would thereafter unflinchingly support the economic policies of the Partido Revolucionario Institucional until the party's move away from the national capitalist model in the 1980s with the advent of the debt crisis and near 1982 default.² Similar examples can be found in most Latin American countries, particularly those that had experienced some degree of industrialization. The commonality in the existence of such peak associations indicates that Argentina's history was not unique and reflected a particular stage of capitalist development and Latin American politics and culture that presented a common set of problems and offered a similar range of solutions to the region's relationship with the world economy and in pursuit of economic development.

Comparisons to the experiences of other Latin American countries in these years are nonetheless difficult to make and blatantly premature. Such comparisons are condemned to serving as not very useful generalizations, at least until we have a corpus of historical scholarship on the nationalist capitalist model of other Latin American countries in the middle decades of Latin America's "short twentieth century." One apparent difference that might be ventured is the degree to which small business in Argentina mobilized independent of the state and how this large sector pressured for inclusion in a national capitalist project, allying itself politically, albeit fitfully, with the country's most important political force, Peronism. Though the question awaits further research, nothing on the same scale appears to have happened in Brazil, Colombia, or Mexico where the state appears to have been, to varying degrees, the major instigator of *gremialismo empresarial* and controlled business organizations more tightly than in Argentina. The contrast with Mexico is particularly intriguing. There, business organizations representing nationalist fractions of the bourgeoisie lacked the independence of the CGE, and the state appears to have been more effective generally than in Argentina in integrating business organizations into the state apparatus and moderating its demands and behavior.³

Though it shared a history with other Latin American countries, Argentina's experience with national capitalism was unusually intense and consequential. The history of the Argentine bourgeoisie in these years raises a

2. Mosk, *Industrial Revolution in Mexico*, chaps. 2, 3.

3. An immensely valuable contribution to the cross-national comparisons, though one that must rely on the still rather thin historical scholarship on business and politics in Latin America, is that of political scientist Schneider, *Business Politics and the State in Twentieth-Century Latin America*.

larger question of how to study business, large and small, as part of larger historical processes. The first, primordial consideration when studying these questions is what kind of capitalism we are dealing with? During the period under study, Argentina's capitalism was primarily an industrial economy, but industrial capitalism has diverse forms. Argentina's industrial capitalism more closely resembles the "personal capitalism" of the British experience, with its familial ownership and relatively small firms than it does the "large, multi-unit corporation run by hierarchies of professional manager" that characterized North American capitalism.⁴ As with the British model, Argentina's industrial capitalism tended toward atomistic competition among small firms and eventual oligopoly by the larger ones rather than vertical integration, large corporations, and professional management, though some firms such as SIAM–Di Tella were clearly headed in that direction. Certainly, a more rigorous study of Argentina's industrial capitalism—firm structure, market behavior, and business practices—will yield deeper understanding of the country's economy, especially political economy, beyond facile denunciations of "crony capitalism."

Argentina's experience has larger implications for economic history. The failure to achieve fuller economic development does not seem to stem necessarily from an absence of dynamic, risk-taking entrepreneurs, from technological handicaps, nor from the impossibility to modernize production and achieve economies of scale. It seems more the result of the failure to create an appropriate institutional environment and the inconsistency and unpredictability of economic policies that inhibit greater risk taking in long-term investments. The institutional but also macroeconomic context is relevant inasmuch as, ultimately, it is the factor most capable of determining whether business devotes itself to productive or unproductive activities and is innovative or speculative, depending on the rewards in place in each case. There are no societies in which business is genetically Schumpeterian and others inherently rent seeking but, rather, macroeconomic environments and institutional contexts that encourage a certain kind of behavior, rewarding some and punishing others. Business sectors that in a determined historical moment display rent-seeking or "crony" capitalist behavior can become Schumpeterian as a result of both institutional and macroeconomic changes and from their own evolution and apprenticeship.⁵

4. Boticelli, "British Capitalism and the Three Industrial Revolutions," 76. On the British experience, see also Blackford, *The Rise of Modern Business in Great Britain, the United States, and Japan*; and Chandler, *Scale and Scope*.

5. López, *Empresarios, instituciones y desarrollo económico*, 35–36.

Even when acknowledging the decisive influence of the “context,” it is quite true nonetheless that business, along with other social actors, were active participants in the conformation of a certain “unstable environment,” which characterized the Argentine economy and society in the postwar decades. In no way should it be thought that capitalist groups were simply the passive recipients of initiatives emanating from multiple public agencies that intervened in formulating economic policies. Through its actions and demands, business too contributed to influence the “rules of the game,” albeit rules that were never fully explicit. We do need to make clear that the *empresariado nacional* was only one of the actors participating in this process and that economic policy and its constant modifications responded also to the demands of rural sectors, foreign capital, and trade unions, as well as those originating from the very bureaucratic structure of the Argentine state. These conflicting and often incompatible demands did not necessarily have as their ultimate objective economic development. The inherent complexity of the historical process analyzed here inevitably takes us away from those often overly simplistic perspectives in many scholarly studies that emphasize the incoherency of public policy and underline the inefficiencies of the institutional system that punished business. Yet we disagree also with those interpretations that emphasize business behavior removed from historical contingencies and find only rent-seeking capitalists bent on maximizing short-term profits rather than demanding mechanisms that would make possible economic growth based on a model of national capitalism.⁶ Unquestionably the ties established between the state and business Argentina are sufficiently complicated to discard any general characterization that avoids studying thoroughly the complex dynamic of historical processes.

Another dimension for the study of business too often overlooked is in their collective representation. The role of trade and peak associations forms an important part of this story, especially in Latin America where business interests were only inconsistently and largely ineffectively represented in what were weak-party systems.⁷ Politics and business were inextricably

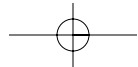
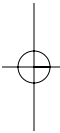
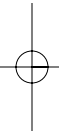
6. Examples of exponents of the first line of reasoning are Cortés Conde, *Progreso y declinación de la economía argentina*, 1998, and Llach, “La industria (1945–1983),” and of the second Sábato, *La clase dominante en la Argentina moderna*. In a more nuanced form, Schvarzer, *La industria que supimos conseguir*.

7. On the U.S. experience, historian Colin Gordon describes the role of associationalism in the following terms: “Trade associations focused on standards of competition within an industry and sought to replicate the advantages of merger or monopoly by taking an active, even coercive, interest in the behavior of members. Multi-industry peak associations, by contrast, reflected business efforts to organize as a class. Their concerns were more explicitly political but were also less concerned with shaping or mandating the behavior of their members; whereas trade associations sought collective actions,

bound together in this period and not just for the self-proclaimed *burguesía nacional* but for all fractions of the Argentine bourgeoisie. From Peronism's very origins through the restoration of Peronist rule in the early 1970s, industry but also agriculture and commerce, unavoidably entered politics through peak and trade associations and to a lesser extent through the established political parties to promote a certain model of capitalist development. Was this involvement in politics beneficial or a hindrance to development, an example of Schumpeter's "creative destruction" or simply destruction? The few contemporary historians interested in the role of business in modern society have taken up Schumpeter's arguments and demonstrated how the exercise of entrepreneurship can be unproductive and even destructive, depending on "the structure of payoffs" in the economy, "the rules of the game."⁸ In Argentina, the "rules of the game" were, within certain limits, always up for grabs politically. There were no "payoffs" awarded to those who remained outside the fray of Argentina's volatile political life. The single most important variable affecting economic policy and business fortunes was control of the financial system, but political influence also was vital for other crucial matters, among them labor policy. If the politics of national capitalism had their ultimately destructive side, they were also unavoidable for those who practiced them.

peak associations only sought a collective voice." An accurate description of the American case, as this book demonstrates, in Argentina a peak association such as the CGE sought more than a "collective voice" and aspired to institutional unity and real political influence. See Gordon, *New Deals*, 130–31.

8. For example, see Baumol, "Entrepreneurship."



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