Argentina's fifty years of crisis

— Jim Levy

As if in a recurrent nightmare, the Argentine people seem trapped in an unending cycle of disaster. The latest episodes followed upon each other with frightening alacrity: humiliation in the Malvinas, the forced resignation of General Galtieri, the sordid internecine struggle for power in the wake of defeat, and failure at Madrid of the once world-champion soccer team. Argentina is a community under almost unbearable pressure in every facet of its existence: a state without legitimacy, politicians unable and unwilling to establish a workable consensus, an economy in shambles, a military, brutal and brutalised apparently beyond any constraints, a civilian population largely terrorised, submissive, confused and demoralised.

To the dispassionate observer, the invasion of the Malvinas, whatever the legitimacy of Argentina’s claim, might seem quixotic, bizarre. In this day, it represents crude irredentism, a terribly mistaken adventure to achieve sovereignty over some remote islands sparsely populated with anglophiles in the South Atlantic. Those who undertook the enterprise staked not only their own careers but also the nation’s prestige on an ill-conceived, poorly planned military operation which closed off any possibilities of diplomatic solution before an intransigent, better-armed enemy. The utter failure of the military government to achieve any of its objectives demonstrates yet again the bankruptcy of its leaders and thus condemns Argentina to further political instability, economic failure and social conflict.

It is these failures which partly explain why the military decided to abandon negotiations over the Malvinas and to invade. Increasing pressure from civilian politicians, organised labor, industrialists and the constituency formed around “the disappeared” had already forced most elements within the armed forces to concede the need for a limited political opening. Much of the political pressure resulted from monetarist policies which, in the name of liberating “market forces” (the only liberation known to have occurred in Argentina since 1976), have inflicted enormous damage upon local industry and its employees. While the exporters of agricultural produce flourished and, with them, the traditional oligarchy of estancieros (cattle barons), the majority of Argentines have witnessed a very serious drop in their standard of living. Thus, the military which pledged in 1976 to end “subversion” and to build an economy capable of sustained growth, needed to find popular support in the face of its economic failures, or at least to deflect its responsibility for them. Now the military confronts a much deeper crisis.

Why has this country, endowed with all manner of resources, failed to develop along lines followed by Australia or Canada? Why
did social conflict grow to the point where, by 1974-75, the country was on the brink of civil war? Why have democratic and representative institutions so disintegrated that the military has intervened at least seven times since 1930 and the last elected president to complete a full term in office was Juan Peron (1946-52)? Why have the bonds of this society so eroded that since 1976 its self-appointed guardians "disappeared" somewhere between 6,000 and 15,000 of their fellow citizens, murdered thousands more and terrorised many of the remainder into silence, exile, submission or acquiescence? Is there any connection between the crisis over the South Atlantic islands and Argentina's past and present domestic situation?

The Argentine problem became manifest in 1930 when the army overthrew an incompetent and corrupt but democratically elected constitutional government. The justification for army intervention sounded ominous: the economic and political situation demanded strong, idealistic government. The military leaders not only found democracy wanting but also believed that only they possessed the abnegation to put the nation's interest above personal gain. Elements of fascist thought, admired within certain military circles, surfaced in the rhetoric and, to a lesser degree, in the actions of the government: the themes of discipline, authority, loyalty to the patria, repudiation of liberal values, and rejection of those who adhered to them, all came to the fore. Although this government lasted only little more than a year, it is a precursor. In 1932 a fraudulent election produced a government whose economic policies and political conduct remained faithful to the pre-1930 norms; outwardly, Argentina returned to the status quo ante.

Appearances deceive. After 1930, the military became the major political force in Argentina, unable to extract itself from politics even when it has wanted to (and this desire has surfaced on several occasions). The reasons are complex: many officers do believe sincerely that the military is the repository of selfless patriotism to defend the nation's sovereignty and the Argentine "way of life" on behalf of which life itself may be sacrificed. Numerous Argentines accepted this view, at least until 1955; it would be a mistake to deny the popularity of the military.

At the same time, los que mandan (those who rule), some of whose ranks are filled by military officers, have employed the army without qualm to accomplish national tasks — from eliminating the indigenous people occupying the rich pampas in the 1880s to terminating "subversion", whatever the cost, in the late 1970s. Industrialisation also has drawn the armed forces deeply into politics. They encouraged the growth of heavy industries partly in the name of national security during the 1940s; then they managed them and profited from them. Thus, the military is as deeply implicated in the nation's political and economic failures as the civilians they replace. After each attempt at rule the armed forces' chiefs emerge divided within and obviously as incompetent and venal as their civilian predecessors. They are also far more brutal.
The Argentine economic riddle

The economic riddle is why Argentina has grown at such a slow rate since the 1920s. It might come as a surprise to Australians to know that in 1914 Argentina enjoyed a per capita income higher than that received here. Based upon the cultivation and export of agricultural produce — wool, wheat, beef — Argentina had achieved a standard of living equal to that of Australia on the eve of World War I. But by the 1920s, from the evidence, it is clear that Argentina began to lag behind Canada and Australia: both agricultural production and exports — the basis of the whole economy — dropped off.

At first, the economic collapse of 1930 rocked Argentina no less than all the other comparable countries. In economic policy, the governments of the 1930s attempted to restore trade relations by assuring themselves of the traditional export market (Great Britain) via agreements that blatantly favored the export-oriented oligarchy and British interests in Argentina. This policy, despite its political and social implications, resulted in the partial recovery of the export sector and, surprisingly, the development of Argentine industry. Outwardly, Argentina's economy survived the depression well.

But the political and social bonds were loosening. At no time prior to or during the 1930s had the small group which dominated Argentina seriously addressed the problems of social injustice or political fraud, corruption and repression. Indeed, the Argentine oligarchy endured precisely because it refused to do so. The development of the labor movement was met with repression and coercion, sometimes savagely. What little social legislation emerged from the Congress was simply not enforced. The Congress, itself composed of men often fraudulently elected, faithfully represented the oligarchy which it served. The state became little more than a vast patronage agency in which interests, as petty as that of the janitor in need of work and as powerful as Royal Dutch Shell in search of concessions, were reconciled at the expense of the public. A gap broadened and deepened between a huge mass of the unrepresented and the urban middle and upper class consumers unbridged by trade unions, but adequate educational facilities, by a spirit of compromise, or even by noblesse oblige. In such circumstances, nationalism emerged as Argentina's political and social mortar.

Increasingly during the 1920s, the Argentines (with other Latin Americans) reacted against the economic and cultural hegemony exercised primarily by Europe, and to a lesser extend by the United States. British control of the railroads and meat-packing (the latter shared with US interests), and the great British influence over finance and transport (among other economic activities) constantly reminded Argentines that, despite the level of development, they lived in an economic colony. Manufacturing industry was precarious. When imports were cut off as occurred between 1914-1918, the Argentine economy revealed an extremely unhealthy dependence on imported manufactured goods and on such raw materials as coal.

Nationalists advanced the need for greater Argentine control over the economy. But nationalism did not react to capital alone; it also reacted to the huge number of migrants who brought their skills, labor, religions and languages to Argentina. Nationalism essentially is anti-foreign. Nevertheless, in 19th century Europe it functioned to bring into the political system the disfranchised lower and middle classes thus constituting a progressive force. However, in the 20th century, nationalism has worked to frustrate that process and to divert energy towards constructing ever larger symbolic differences between states and other large groups.

Currents of Argentine nationalism

Thus, by 1930, one of the frightening currents within Argentine nationalism, ascribed to by many of the officers and their civilian supporters, was an openly fascistic adoration of an authoritarian, largely self-sufficient state. Economically, it meant the
The economic requirements determined by the depression did not permit economic nationalism in the 1930s. A return to fraud and corruption behind the facade of democratic government forestalled the immediate imposition of authoritarianism. Steadfast resistance to claims for social justice and continued repression of the labor movement substituted for the kind of voluntary discipline hoped for by the right; culturally, the nationalists made great headway.

Even before they emerged triumphant in 1943, the nationalists managed to establish Argentina's neutrality during the war. In fact, neutrality made good economic sense (the Germans did not torpedo Argentine ships carrying food for the British), but it was also a victory for the pro-Axis forces and is evidence of the increasing influence of rightist, authoritarian nationalism within Argentina.

### Byzantine politics

The byzantine politics of the years 1943-45 take their significance primarily (but not exclusively) from the emergence of Juan Peron. Before discussing the relationship of Peron to the present situation, however, it should be remembered that Argentine nationalism had taken a nasty turn based upon an economy losing its dynamism and within a polity which had forfeited much of its legitimacy.

The first Peron era lasted from 1945 to 1955. During these ten years Peron blended the various nationalist themes, and added important new elements. Above all, he provided Argentine nationalism with a profoundly popular base — far too popular to the minds of most of the Argentine oligarchy. This was achieved partly through a major reorientation of the economy away from the dominant role played by foreign trade and foreign capital to the development of heavy industry based upon the mobilisation of national capital from private and public sources. Peron made agriculture, the economic foundation of the oligarchy, pay for industry. Sound economic arguments can be
advanced in Peron's defence. Argentina was far too dependent on exports of primary products; the export sector was not competing successfully with Australia and Canada (among other nations exporting food); Argentina possessed adequate human resources to sustain industrialisation; and the size of the internal market allowed for the purchase of local manufactures.

**Impressive**

In fact, the performance was impressive at least until 1948-49. Then the rot became increasingly manifest: poor agricultural production or poor trade results or a combination of both (depending on the year) caused frequent imbalances of trade and payments with the inevitable squeeze on foreign exchange. Having declared Argentina's economic independence in 1947, Peron did not welcome foreign capital, and although he was forced to reconsider this policy in 1953, Argentina now revealed the chronic economic difficulties from which it continues to suffer: stagflation or boom or bust, but not steady growth. When Peron fell in 1955, Argentina was an industrialised nation but at a substantial price paid primarily by the agricultural sector. Agricultural production, on which exports depended, stagnated or declined. This represented a major change in the nation's economy and traumatic political repercussions resulted.

Against the attacks of powerful agricultural interests, many of which were linked to foreign capital, Peron moved with consummate skill and speed. To create a political force loyal only to himself he virtually created, organised and then co-opted a massive labor movement by granting all manner of economic and political favors. In 1943, before he became President, Peron began to mobilise the Argentine masses for the first time in the nation's history. As President, he taught them that the state had responsibilities to assure social justice, and was rewarded many times until his death in 1974 with almost unquestioned political support. Until 1955, with that support he could take on and defeat most challenges thrown up by the oligarchy. But it would be a serious error to believe that Peron merely handed out turkeys (or beef steaks) in exchange for votes. To the contrary: even when the goodies ran out (certainly by 1952 or before) he maintained the loyalty of the masses. (Throughout his career Peron skilfully manipulated nationalism to create a half-baked ideology which was easily understood and extremely popular.)

**Economic nationalism**

First, Peron exploited economic nationalism. He bought the British-owned railroads, declared the nation's independence of foreign capital, nationalised activities such as telecommunications, deemed to be essential to national security, and employed state capital to develop heavy industries some of which, like that of steel, became enterprises owned and run primarily by the military. Not only did the symbols of economic nationalism appeal to the masses and to nationalists of the left and the right, but the rapid growth of state economic activity in both production and services led to an enormous increase in people economically dependent on the state. These enterprises, their employees and their suppliers constitute an economic and political fact of the greatest importance in Argentina today. Thus, Peron gained additional support from white collar bureaucrats and technocrats as well as from the industrialists. The case for the old economy could be heard only within increasingly limited circles, even when conditions began to deteriorate.

Political opposition to Peron came from elements antagonised by his close association with pro-Axis groups before 1944, by his participation in the 1930 and 1943 coups and opponents concerned about his possible dictatorial ambitions. Peron responded to these criticisms with consummate skill. He linked the oligarchy with the old state, recalling its decadence, corruption and antidemocratic practices. Few could disagree with much of his critique. In 1945, he confronted reformed elements of the corrupt but
constitutional regime in what many observers believe was the most honest election in Argentina's history. He won, and proceeded to open up political participation still further by gaining the vote for women in 1947 and by encouraging organisations at the base. He attacked the communists and favored the military thus keeping the support of the authoritarian nationalists. Nationalism not only gained a popular base but also endowed the state with a legitimacy among the masses it had never before enjoyed.

Peron's economic policies and political strategies found their complement in his social program. In a variety of ways — including, for example, the acceptance and encouragement of the labor movement (provided that it remained loyal to him), the implementation of a vast array of welfare measures and blatant demagogy — he forged a kind of social pact acceptable to the urban commercial and industrial bourgeoisie. An anathema to the elite of the ancien regime, which also opposed Peron's economic strategy and popular nationalism, this policy resulted in vastly heightened economic expectations among the mass and its organisation into a cohesive political movement dependent upon and loyal to one man.

The strands within Argentine nationalism, which exalted Catholicism, insisted upon religious instruction in the public schools, and claimed both cultural and racial superiority within Latin America, were integrated with great subtlety into this populism. Peron never proclaimed the most xenophobic elements of Argentine nationalism — he refrained from open anti-Semitism, for example — but he went far enough to co-opt substantial numbers especially during the good times. With reference to the present crisis, Peron mobilised much support within Argentina by attempting to export Peronism to the areas deemed by the Argentines to be the less fortunate countries of Latin America, especially to Bolivia and to Chile.

The whole Peronist edifice contained at least two basic weaknesses: it depended on one man, and it rested on a weakening economic foundation as the agro-export sector continued its relative decline, as industry demanded more and more capital and as the state had to meet its increasing economic, political and social obligations. By 1955, a motley coalition possessed the strength to challenge Peron. It included elements of the old agro-exporting elite, liberal democrats opposed to Peron's increasingly dictatorial methods, entrepreneurial elements suffering from the economic crisis, xenophobes angry at Peron's backsliding on a variety of issues, and a large sector of the bourgeoisie frightened by the appearance and influence of organised labor. In substantial numbers, both the Church and the military enlisted in the cause. On September 19, 1955, Peron, rather than face the prospect of a civil war which could have easily become a class war, took refuge on a Paraguayan gunboat anchored in the Rio de la Plata, not to set foot again in Argentina until 1973.

Traumatic

Peron's decade had been traumatic in at least three ways: the mobilisation of the mass;
industrialisation; and the growth of the state. These facts were irreversible. Whether or not the various political forces that now occupied the Casa Rosada wished to turn back the clock was irrelevant. They were dealing with a new thesis. The utter and tragic failure of Argentina to achieve an economic, political and social *modus vivendi* testifies to the depth of the problems left by Peron, deepened still further by each day of confusion, inflation, corruption, repression and violence.

Initially, the victorious attempted to obliterate Peronist politics, to proscribe Peronism — as if such a thing were possible! In the attempt to reassemble Humpty Dumpty, the new leadership ruthlessly censored, imprisoned and ignored the masses and even held elections with the intention of restoring civilian, democratic government disallowing the participation of the Peronists. Given all that passed before, how could the state achieve legitimacy under such circumstances? What possible meaning could democracy have? But institutional politics constituted only part of the problem.

**Economic problems**

The structural problems within the economy continued. Led by the agro-exporters, many Argentines argued that the country ought to return to what made it once wealthy: the export of agricultural products. Industrialists, directors of state enterprises, labor and economic nationalists refused to accept this solution. The failure to agree on a coherent economic policy has resulted in the stop-start pattern, characterised by moments of raging inflation and speculation. In the meantime, foreign capital made impressive gains, especially in the industrial sector.

Although the economy grew during the 1960s, it did so unevenly over time and among sectors. The absence of consensus over political and economic directions, combined with the formal proscription of the nation’s largest and most cohesive political force, encouraged the proliferation of splinter groups and parties from extreme right to extreme left. Peron, from splendid exile in Madrid, watched as the military intervened in 1962 and in 1966 to prevent the Peronists from returning to power. He also watched the military fail to develop or to impose a successful economic policy. And he watched the people of Cordoba go to the barricades against the military dictatorship in May 1969. This revolt demonstrated dramatically the degree to which the nation had become fragmented and bitterly divided. Slowly, it dawned on some of the more sophisticated military leaders that there could be no consensus without Peron, that the longer they remained in power the more slowly they would be held responsible for the situation and, not least important, that the exercise of power was itself dividing the military and creating potentially debilitating internal conflicts.

Finally, General Alejandro Lanusse, who himself had been jailed by Peron, undertook to guide Argentina through the ultimate humiliation — the return to power of Peron himself. In a tortuous political process this occurred and, on October 12, 1973, the ageing general accepted the presidential sash. There was not to be a blank cheque, however: Lanusse and his colleagues had insisted that the growing left, especially the revolutionary marxists and reformists within Peronism, be firmly controlled. Indeed, it was almost certainly Peron’s hope to reconstitute the old coalition of industrialists, those dependent on the state sector, the co-opted union leadership and nationalists wherever they might be found — to relive the heady days from 1945 to 1949. Despite the euphoria, facts would not conform. Humpty Dumpty cannot be put together again. Immediately the cracks appeared.

**Organised left**

First, by 1974 an organised left existed. Although small numerically, it attracted the frustrated and idealistic among professionals and students who saw Argentina’s promise pass them by. Second, within organised labor, an important sector had broken with Peron and Peronism. Mostly marxist oriented, this
sector criticised the corruption, opportunism and collaboration of their brothers. It drew much numerical strength from interior industrial cities such as Cordoba and Rosario. Third, Peronist labor, expecting a rerun, established demands unacceptable to the now powerful industrialists whose support of Peron was necessarily conditional on his ability to maintain labor discipline, and on an acceptable economic policy. Fourth, and perhaps most critical, Peron lacked the support of the military.

Even if the old general had not died of heart failure on July 1, 1974, the house of cards would have caved in. His inability to realise the dreams of his followers was obvious from the first day of his administration; in fact, his left and rightwing followers were already at war, a conflict exacerbated by the increasing activity of the marxist guerrilla.

It is this resort to violence which embodies the Argentine tragedy. Given the not insignificant achievements of that society, it is difficult to explain. Argentina was not, in 1975, nor is it now, El Salvador. Those who went to war in the streets of Buenos Aires and in the hills of Tucuman enjoyed an infinitely higher standard of living than those who now struggle in El Salvador. The miserable in Argentina are proportionately far fewer. The space for political debate and for social reform was then much greater than in El Salvador.

No one can understand Argentina without some comprehension of the strains under which the community has lived at least since 1930 and the bitterness, frustration and anger they have bred. The bizarre strands within Argentine nationalism reflect rather than reconcile the social divisions; they are evidence of the hatred and fear which, through nationalism, have gained legitimate expression. This occurred in Europe during the 1920s and 1930s.

Undeclared civil war

By the time in 1976 that the military overthrew Isabel Peron who, as vice-president, had succeeded her husband, Argentina was sliding towards civil war in the midst of raging inflation. The tenuous bonds of society were coming apart in a celebration of violence. Declaring a "dirty war" on its own citizens, the military unleashed virtually its total force on a largely unarmed and unprepared society. The slaughter was indiscriminate and prolonged. Unlike the case of Chile where the terror was relatively brief and guided from a central point, in Argentina the central government presided over, but often could not control, a violent campaign of four years' duration. Any crime, any atrocity, could be freely committed because the military had declared war, and in war innocents are hurt.

No one knows the exact toll, but the estimates of Amnesty International are known, and they refer to those who have disappeared. Add to them a large number who were murdered. Travellers recently returned, journalists and Argentines themselves all agree that no family remains untouched. Yet, in addition to the murdered, the tortured, the maimed and the disappeared there exists a society which still hates, and a society which still fears; a society which is
flush with victory and a society which is bitter and silent in its defeat and anguish.

The justification for such savagery sounds familiar: to eliminate subversion, to sanitise Argentine politics, to restore Argentina's democratic and Christian(!) heritage, to straighten out the economic mess. Indeed, that economic mess was worse than ever as Argentines lost all confidence in the mayhem of 1965-76. The military then turned the economy over to a representative of the agro-export sector, Jose Alfredo Martinez de Hoz, whose function it was to restore the nation's grandeur by an explicit and consistent policy of favoring agriculture and the export of its products at the expense of the over-protected, inefficient and expensive industrial sector. That meant lowering tariffs, encouraging the investment of foreigners, reducing the bloated, unproductive state sector. If such measures meant, in turn, unemployment as industrial firms closed down, and the anger of the industrialists, then so be it. The military was determined to establish a consistent policy.

Martinez de Hoz did achieve some of his goals: thanks to high demand for the kinds of products Argentina could provide, agricultural production increased, prices remained high and Argentina's trade and payments balances reflected strength. But the domestic economy suffered as industry, predictably, underwent a serious crisis (which continues to deepen) due to the rapid surge of cheaper imported manufactures. Unemployment appeared and inflation, chronic in Argentina, continued at high rates. This is the recipe for social discontent. Increasingly, the economy depended on the export of agricultural products to the European Common Market countries, and to its ideological adversary, the USSR.

As might be expected, these policies exposed and deepened serious contradictions. The support of the agro-export sector and of foreign capital antagonised nationalists and labor. The problem was (and is) made infinitely more complex by the fact that most of the military consider themselves economic nationalists fiercely jealous of Argentina's industrial base as a matter of national security. Furthermore, both on this ground and on the need of patronage, the state-owned industrial enterprises were not to be served up to the interests of the agro-export elite for the sake of efficiency and comparative advantage. Stimulated by a bloated military budget, government deficits continued to grow. The political interests within and outside Peronism which reflected the views of the economically victimised became restive. Economic policy emerged as the platform from which tentative complaints were launched against the exclusion of the political parties.

A society in crisis

The military junta responded to the worsening industrial crisis by once again modifying policy and, among other measures, drastically devalued a cruelly over-valued peso thus causing further inflation. The reader can detect by now a recurrence of the pattern: no matter how idealistic and resolute the military, no degree of force can restore Humpty to his former self. As General Galtieri pondered the options before he (or his colleagues) ordered the invasion of the Malvinas, he had to cope with these facts: 1) the military government lacked popular support; 2) the politicians exploited this to demand a political opening; 3) the economy, or particularly the industrial sector, is in a shambles; 4) the parents, relatives and friends of the disappeared continue to demand information from the government; 5) the military is itself deeply divided over the proper policies to solve these (and many other) difficulties.

Of all these facts, the economic crisis is undoubtedly the most serious. Although the agricultural sector continues to perform adequately, industry is sinking deeper into a terrible depression. In 1981, the GDP declined 6.1% from the previous year according to official figures, and was only 2.1% higher than that of 1974. In the last quarter of 1981, the GDP was 10.1% lower than for the same quarter of 1980. A private
research group reported that, during 1981, employment was nearly 30% lower than during 1974, admittedly a boom year. But real wages for skilled workers declined by 16% and for the unskilled by 18% during 1981. Industrial production decreased by over 15% during 1981. During the first two months of 1982, vehicle sales fell by 58% over the same two months of 1981. Inflation continues at a rate of well over 100 percent. Under such conditions, even the control of subversion, now largely accomplished, seems rather expensive. The industrialists and labor leaders have had enough.

Aware of their growing unpopularity, even among sectors willing to go along with repression, the military has debated the possibilities of opening up government to acceptable political groups. These debates are acrimonious because not all officers of the armed forces would agree that their mission is accomplished, that their dirty war is over. Many fear reprisals for atrocities committed if civilians return to government and many fear the loss of privileges or budget cuts.

Given the recent history of Argentina and the present situation, the explanation of the Falklands or Malvinas policy is perhaps more understandable. The nation has been, for the last fifty years, under enormous pressure as demonstrated by increasing social disintegration, political failure and the legitimisation of a xenophobic nationalism. Its future, barring an unpredictable revolution of its basic structures, would appear to be tragic.

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**Visions of a thaw in the Cold War**

— Peter Ormonde

_English historian E.P. Thompson is a major force in the British and European peace movements. His latest book Zero Option, due for Australian release later this year, is a collection of essays, articles and pamphlets from the last two years. The topics range from Thompson's analysis of international relations, through polemics against conservative academics and politicians, to a scathing piece on the recent war in the South Atlantic — the War of Thatcher's Face._

_The book is published by the Merlin Press. Below, Peter Ormonde gives an outline of Thompson's ideas on disarmament and politics._