

ARGENTINA, FROM ECONOMIC MODERNITY TO POPULISM*

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Between its national organization consolidated in the years from 1853 to 1860 and the eve of World War I, Argentina embarked itself in a modernization process of an intensity and depth never heard of before. The achieved modernization was the result of a new trend of economic growth, which had begun thanks to the technological revolution that helped reduce the costs of maritime and land transportation. This fact made it possible to bring the produce of the Argentine *pampas* into the European markets.

In response to the free institutions and the property rights guaranteed by the 1853/60 National Constitution, foreign capital arriving in Argentina invested in an extended network of railroads and made it possible for immigrants to work in the fertile Argentine lands. By the 1880's, Argentina not only had become an open economy, it had also turned into an open society. In the middle of the enormous transformation that Argentina during this period, one factor of stability was the strong economic growth that allowed a no less impressive social progress. Social mobility at that time was impressive.

However, the speed and depth of the modernization process was not spread equally throughout the country. Existing regional differences from the colonial era were accentuated. Immigrants remained mainly in the central region, a circle of 600 km around Buenos Aires city. This region grew fast, but the rest of the country fell behind.

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Political Asymmetries

The traditional elite led the socioeconomic transformation with firmness and courage, but under a system of limited democracy. This process underwent a severe crisis when, besides the tensions within the *criollo* elite –divided about what direction the country would follow: would it be open to Europe or closed to the world?– new conflicts emerged. The early XX century witnessed the political participation of the sons of the immigrants, who not only had won the right to vote but who also, thanks to universal schooling, received education. So, the entrance to modernity took place in Argentina in a very unstable framework.

The emergence of new political actors renewed the resentment among those who defended the regime prior to the 1853/60 Constitution, and who rejected the Buenos Aires *portuaria* elite, who was supposedly connected with self-serving foreign interests and secularized cultures. In effect, in the middle of those frenetic changes, some people began to think that the secularization movement initiated in the 1880's with the laws of civil marriage, civil birth certificates (*Registro Civil*) and a public secular education had gone too far, and that it was a threat to traditional order.

The World Crisis and the End of the Belle Époque

The climate of instability that characterized the Argentine political scenario towards 1914 was suddenly also affected by international events. Before World War I irrupted, there were few doubts about the advantages of progress, science and civilization. But the war changed all expectations. It lasted for four years, after which millions of losses in human lives and material resources demanded an enormous mobilization of resources. The governments interfered with the markets in order to redirect production to meet postwar needs. ¿Was it possible to believe in the advantages of progress and science in a world where extreme cruelty led millions of people to poverty, when not to death?

The Bolshevik 1917 Russian revolution and the fall of the German, Austrian and Turkish Empires were also manifestations of a world falling apart. The world economy did not go back to pre-war stability, and the 1930's crisis was for many people the beginning of the end of the capitalist system.

The post-war crisis had unprecedented consequences. The liberal democracies that had promised progress and political participation for the majority of the people had seemingly failed. Reactionary movements demanded a strong State, and an organic democracy expressing corporate interests quickly spread. Many people looked for a return to a past with order and hierarchies supported by civil and religious strong authorities.

The dissolution of norms and the lack of security in a world that fell apart was accompanied by deep resentment (consequence of the post-war agreements), which resulted in authoritarian regimes and in the decline of free trade.

The international markets with whom Argentina had engaged in active trade were suddenly closed. Protectionist measures and competitive devaluation in the developed countries won the day, harming Argentine exports and the economy at large. These traumatic changes were accompanied by a crisis that questioned the legitimacy of the political system, and after seven decades of constitutional continuity, in 1930 a military *coup d'état* ousted president Yrigoyen.

After the coup, the Argentine society was split among those who openly rejected universal suffrage and the democratic system, and those who, although accepting it, were in favor of voting restrictions. In this scenario, there was a lack of consensus as to which were the rules of the game in a plural democracy. Authoritarian ideas prevailed across the board: while the right demanded a return to the traditions of the colonial society ("uncontaminated" by the French Revolution's rationalist ideas), the nationalist popular left rejected the constitutional tradition of 1853-60 on the grounds that it had been imposed by an oligarchy linked to British imperialism, and defended instead the "spontaneous" democracy of the popular caudillos. In both cases, they demanded a return to the pre-modern past.

In a process of ideological change, the moderate wings of the right and the left alike suffered the extortion of their respective extremes, which paved the way for further polarization.

The 1943 Coup d'état and Perón

Starting with the Second World War, the dramatic fall of agricultural prices in international markets and the Argentine discriminatory policies against the farming sector created a severe and long agricultural depression, prompting massive migrations from rural to urban areas, especially to Buenos Aires. These masses were the source of manpower for the new industries fostered by a policy of import substitution, which contributed to an important economic expansion during the war years of forced autarchy. This period was also the origin of a new demographic trend: the *criollos* from the provinces moved to areas that were formerly occupied by foreign immigrants.

In the middle of these economic and social changes, in 1943 a second *coup d'etat* was carried out by a group of military officers with Nazi sympathies. As a revenge for their displacement by the moderates in 1932, the GOU officers, as they were called, attempted to create a more authoritarian political movement. However, this pro-fascist group did not succeed in their attempt, and shortly after the movement was taken over by someone who shared their sympathies: coronel Juan Domingo Perón.

As Secretary of Labor, Perón organized a political movement from within the government and sought the support of labor unions (he organized them by having the Law of Professional Associations approved by Congress, similar in contents to the Italian *Carta del lavoro*). The law granted the unions a monopolist right to represent workers, while simultaneously keeping the unions under government supervision and control.

But the basis of his support went further. Perón created a political movement that bonded directly the leader with the people. Political intermediaries existed only nominally and were subordinated in military terms to the high command of the leader. Actually, during Perón's life there was really no

Peronist Party as it is now known in the Western world. Despite the absence of a political structure, the majority of the people felt represented by their leader, and the popular sectors improved their living conditions and attained a more respected position in society.

Although Argentina remained formally a liberal regime, during the Perón years the constitutional spirit was de facto suspended. Representatives in Congress followed the orders of the President, and the Judiciary submitted to the Peronist National doctrine dictating that their first duty was to obey the leader. A new authoritarian political regime was implemented: society was under the rule of a leader to whom everybody owed obedience and loyalty. The *peronismo* identified its movement with the nation, and those who opposed them were enemies of the nation. An internal frontier was drawn, with an enemy within. Peronism also appealed to nationalists by claiming the need to defend the country from foreign capitalists' exploitation.

The Left: From Internationalism to Popular Nationalism

In Argentina, the political left had its origins in European traditions, among other reasons because many of its members were immigrants or descendents of immigrants. During the Spanish Civil War and WW II, opposition to fascism was an important cleavage within European politics. Initially, *peronismo* was too closely linked to the military and to axis sympathies to have any appeal to the left. However, to everybody's surprise, Perón won the 1946 presidential election with the workers' support. Strictly speaking, under Marxist theory, the working class could not be fascist. How would the left react? Could it confront the (peronist) working class? This was a dramatic dilemma that took years to be solved, prompting many people in the left to move closer to the nationalist popular movement.

The other events that induced changes in the left were the post WWII decolonization movements in Asia and Africa. While the wars of independence in XIX-century America had been fought by a majority of European descendents, the anti-colonial revolts in post War II were fought by non-

Europeans who rejected the Western culture and traditions associated to the colonial past.

In Argentina, the rejection of a cosmopolitan European culture after WW II coincided with the popular nationalist demand for the restoration of the role of the caudillos as an example of an early spontaneous democracy.

Populist Economic Policies

During Perón's tenure, in the aftermath of the WW II, the goal of his economic policies was to avoid unemployment by preserving obsolete and inefficient enterprises that had emerged during the protectionist war years, but which had resulted in a very low productivity. This conflicted with the need to keep the workers' support, which was dependant on the maintenance of high real wages. Because pursuing both goals was contradictory, the government kept real wages high by means of intervention in food markets, services and housing; by controlling prices through the rate of exchange; by granting subsidies and imposing tariffs, and by freezing rents. Those polices caused the decline of agricultural production and of exports; a budget deficit; a lack of investment in public enterprises such as energy and transportation, and a shortage of housing. All in all, the consequences were the lack of capitalization in infrastructure, a chronic deficit in the balance of payment and in public accounts, which led to reiterated economic crisis, devaluations, recessions, etc.

Crisis of Legitimacy

In a world in crisis, Argentine representative democracy was attacked from different sides and it did not have the possibility to become consolidated in the political culture of the country. The attack not only came from authoritarian attempts but also from a deformed interpretation of democracy as solely consisting in popular suffrage, electing a leader endowed with absolute power.

In addition, constitutional reforms allowed the governments to perpetuate their tenure in office.

Once the military intervention in Argentina's politics ended in 1983, authoritarianism and corruption continued. Populist movements were supported by captive audiences in the more backward areas of the country (in the Northern provinces and in the suburban belt of Buenos Aires), where millions of people still live in conditions of extreme poverty, and where local caudillos are the only link they have with society.

In conclusion: the Argentine case is the case of a society that achieved rapid modernization but that, in the joint context of a world and domestic crisis, later on deviated into populism. It could well be that the acute speed and depth of the modernization process in a traumatic world had something to do with that deviant path.