

THE ARGENTINE RIDDLE IN HISTORICAL PERSPECTIVE

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- THE CRISIS OF ARGENTINE CAPITALISM.* By Paul H. Lewis. (Chapel Hill: University of North Carolina Press, 1990. Pp. 573. \$49.95.)
- AUTHORITARIANISM AND THE CRISIS OF THE ARGENTINE POLITICAL ECONOMY.* By William C. Smith. (Stanford, Calif.: Stanford University Press, 1989. Pp. 395. \$42.50.)
- THE POLITICAL ECONOMY OF ARGENTINA, 1946–1983.* Edited by Guido Di Tella and Rudiger Dornbusch. (Pittsburgh, Pa.: University of Pittsburgh Press, 1989. Pp. 349. \$49.95.)
- CARLOS PELLEGRINI AND THE CRISIS OF THE ARGENTINE ELITES, 1880–1916.* By Douglas M. Richmond. (New York: Praeger, 1989. Pp. 206. \$39.95.)
- ARGENTINE UNIONS, THE STATE, AND THE RISE OF PERON, 1930–1945.* By Joel Horowitz. (Berkeley: Institute of International Studies, University of California, Berkeley, 1990. Pp. 284. \$16.95 paper.)
- AUTOMOTORES NORTEAMERICANOS, CAMINOS Y MODERNIZACION URBANA EN LA ARGENTINA, 1918–1939.* By Raúl García Heras. (Buenos Aires: Libros de Hispanoamérica, 1985. Pp. 141.)
- THE ARGENTINE ECONOMY: POLICY REFORM FOR DEVELOPMENT.* By Eduardo R. Conesa. (Lanham, Md.: University Press of America and the Center for International Affairs, Harvard University, 1989. Pp. 124. \$27.50 cloth, \$13.50 paper.)

Argentine evolution in the twentieth century has frustrated not only Argentines—it has posed a riddle for scholars as well. Until at least 1930, Argentina seemed destined to become the “United States of the South.” Its remarkable rate of economic growth, high per capita income, and seemingly endless assimilation of migratory masses together with a relatively stable democratic system in full operation all contributed to the optimism expressed by analysts. Six decades later, in contrast, Argentina represents a curious model of economic and social retrogression. The old optimistic picture was eroded by profound stagnation in production that led to a steep decline in incomes, social marginalization, and educational

recession, all of which have been abetted by decades of institutional instability and military coups resulting in ruthless repression. Today, the descendants of those who migrated to Argentina to build a future in this undisputed land of promise are opting out and going abroad, disappointed by the lack of prospects.

This paradoxical experience has provoked an intense controversy regarding its origins and effects, with the terms of the dispute usually conditioned by political biases and prefabricated images of society. The urge to account for the phenomenon thus becomes confused with the search for guilty parties and scapegoats and also with the desire to supply adequate solutions. Finally, Argentine commentators and foreign analysts alike have become engaged in an ongoing quarrel over the virtues and shortcomings of different sociopolitical systems in Argentina or over the turning point at which the decline began. The answers are multifarious. Some analysts date the watershed at 1930, when the world depression blocked future development of the exporting primary economies that had been open to the world market under oligarchic hegemony. Other researchers have pointed to the 1940s as the time when the progressive trend broke down, blaming Peronism for the retrogression. In the view of still other observers (including this reviewer), there was no rupture but rather continuity in the historical process that led, through different mechanisms, to this perverse outcome. These starting points are far from neutral, although they are not always made explicit. They condition the resulting analyses, which in turn are read according to each commentator's particular perspective. The result is an ongoing debate as bitter as it is complex.

The controversy cannot be easily settled due to the scarcity of reliable statistics (and sometimes, even of documents). Many of the most popular hypotheses are based on data that cannot always be confirmed or that diverge from estimations from other sources. Thus unfortunately, the effort to build up a critical mass of valid information useful for the long term stumbles over the paucity of basic data and the habit of taking available estimates at face value. In a parody of Gresham's law, poor information displaces good data in the circulation of ideas. The result is that in evaluating studies and surveys on Argentina, the adequate use of sources turns out to be as important as the selection of hypotheses.¹

The aim of this preamble is to explain a general criterion for classifying the works to be reviewed here. Considering the basic para-

1. Felix J. Weil was one of the first observers to warn about the problems created by the "injurious use of statistics" in Argentine society. His pioneering, but almost forgotten, work sought to correct mistakes in using economic and social data as well as the inclination to resort to questionable estimations when data were not available. Both these tendencies continue to create havoc in Argentine analyses. See Weil, *Argentine Riddle* (New York: John Day, 1944).

digms applied in each case and the uses made of the information available can provide a suggestive approach for evaluating the conclusions of each work under review and how it fits into the ongoing debate.

Paul Lewis's *The Crisis in Argentine Capitalism* ascribes this crisis to a deep rupture in Argentine history that was caused by Peronism. According to this perspective, Peronism apparently prevented the development of an entrepreneurial class that would have promoted authentic industrial progress. In support of this thesis, Lewis divides the evolution of Argentine capitalism into two periods, the eras before and after Peronism. His study portrays Argentine capitalism in the early twentieth century from the viewpoint of its creators, an approach that enables him to highlight the presence of an incipient manufacturing sector and a group of successful entrepreneurs. Combining different macroeconomic statistics with the histories of several individual firms and biographies of their founders, Lewis portrays dynamic growth for the industrial sector that culminated in the mid-1920s. His data suggest that progress continued, although more slowly, until the end of the 1930s, when the Pinedo Plan (the 1940 project of industrial consolidation) was defeated in the Congreso. This rejection, compounded by the immediate arrival of Peronism, changed the course of Argentine economic history. Peronism drew its support from trade unions and small, noncompetitive industrialists oriented toward the domestic market, and Peronist policies consequently affected dynamic entrepreneurs, especially the more successful ones. They, in turn, modified their behavior accordingly. As Lewis explains, "whether industrialists, merchants or farmers, the Peronist economic strategy first provoked their resistance, then their alienation, and finally their withdrawal of capital. Faith in the future, once destroyed, is difficult to rebuild. That faith was lost during the watershed and has not returned. That is perhaps the fundamental factor in the crisis of Argentine capitalism" (p. 243).

After 1955, according to Lewis, inability to integrate Peronism into Argentine political life led to violence, great difficulties in organizing the system, and a weak and paralyzed state that interest groups treated "cynically." He provides a precise analysis of the local entrepreneurial class during the 1960s, stressing the evolution of trade unionism and the relationships between the two groups, which in Lewis's view, led to social violence and "capital lock-out," or reluctance to invest (p. 365). This perverse cycle might have been reversed after 1976, when the ministry of the economy was headed by José Martínez de Hoz, "a true believer in capitalism" (p. 450). His policy failed due to military opposition, however. Lewis concludes that Argentina seems to be torn by the contradictions among statism, populism, and corruption, in contrast with the requirements of an open market that could free up the energies of its business owners and clear the way for national development.

Lewis's analysis of the period before 1930, which draws somewhat on the reevaluation of the open market and its possibilities recently begun by Carlos Díaz Alejandro,² poses several interpretative difficulties. Lewis's portrait of major entrepreneurs proves they were successful but not that they demonstrated "Schumpeterian" behaviors (that is, the propensity toward technological change for the sake of increasing production). The relationships he suggests between dynamism at the micro level and growth of the economy at the macro level cannot be directly deduced from the data presented. Lewis's stance contrasts with Jorge Sábato's view of the Argentine dominant class, which resolves the formal contradiction between entrepreneurial dynamics (not always oriented mainly toward production) and the problems of national development.³

The selection and handling of the data used pose further problems. For example, Lewis's description of Argentine industry in the 1920s projects an image of greater progress than that yielded by alternative sources worth considering. Lewis presents a table with figures from the 1913 and 1935 manufacturing censuses, in which he intercalates an estimate for 1923 taken from the work of Alejandro Bunge (pp. 36–37). This approach, which enabled Lewis to divide the long period between censuses, suggests that more industrial activity was occurring in 1923 than in 1935. Yet the long and homogeneous series prepared by ECLA (estimations that have been widely accepted by analysts for want of other reliable sources) place manufacturing production for 1935 at 50 percent above that for 1923.⁴ The consequences are significant because Lewis's estimate assigns more dynamism to industry during the period of open agricultural exports while the ECLA data stress the impulse resulting from the closing of the domestic market due to the world crisis. Lewis's handling of the statistics available on industry raises similar problems. Lewis calculates the average size of manufacturing plants in the 1920s and concludes that they were small, thus repeating the traditional view that the "typical industrialist" was very small, individualistic, and somewhat incapable of expressing his demands (p. 123). The generality of Lewis's estimate, however, disguises the fact that the manufacturing sector was subdivided into one group of large enterprises and another of numerous small enter-

2. Carlos Díaz Alejandro, *Essays on the Economic History of the Argentine Republic* (New Haven, Conn.: Yale University Press, 1970).

3. For an overall survey, see Jorge Sábato, *La clase dominante en la Argentina moderna: formación y características* (Buenos Aires: CISEA-GEL, 1988). See also Jorge Schwarzer, *Bunge y Born: crecimiento y diversificación de un grupo económico* (Buenos Aires: CISEA-GEL, 1989), which deals with the lack of convergence observed between the expansion of a business group and national development.

4. See ECLA, *El desarrollo económico de la Argentina* (Mexico City: ECLA, 1959); also reference books like Guido Di Tella and Manuel Zymelman, *Los ciclos económicos argentinos* (Buenos Aires: Paidós, 1973). Curiously enough, these data are not mentioned by Lewis.

prises, which should be dealt with separately. Lewis's views contrast oddly with his detailed account of the great entrepreneurs of the time.

The most remarkable aspect of *The Crisis of Argentine Capitalism* lies in Lewis's study of the forms of ownership and management of large Argentine firms in the 1960s, after Peronism. He shows that these enterprises, despite their shares being quoted in the stock exchange, remained under the control of the founding families. Moreover, the entire set of directors turn out to be reciprocally linked through a complex network of social and economic ties that imply an "incestuous relationship." The impossibility of ascertaining the real scope of the interests and actions of each conglomerate did not prevent Lewis from determining, via cross-checked references, certain attitudes and behavior common to this social group that are relevant to the evolution of the national economy. What he found was a wide range of varied interests but also a propensity toward tax evasion and capital flight strong enough to paralyze productive investment within each firm. The significance of this finding is somewhat at odds with the use Lewis makes of it elsewhere in the same work. The elite of Argentine directors was apparently the same one that lost faith in Argentina during Peronism, according to Lewis, but it is not clear whether this loss of faith actually occurred or what changes took place in the meantime. Likewise, it remains unclear whether this elite wielded political power after 1955. If it did, then the elite should bear some responsibility for the national decline, a possibility that Lewis never considers in *The Crisis of Argentine Capitalism*.⁵

Similar inconsistencies between data and conclusions can also be found. For example, Lewis repeatedly states that Martínez de Hoz was unable to carry out his program of establishing market logic because of the military's resistance. Yet this thesis, which runs counter to several other explanations of the period, is not supported by any quotation or reference. The result is that it undermines the explanatory value of other parts of the work.⁶

5. CISEA studies and surveys of business corporations make it possible to suggest that the elite in question who manage the great traditional firms actually directed those entities and played a relevant role in the political arena throughout the whole period since 1955. This view supplements the observations made by Lewis, although he apparently maintains an opposite interpretation. See a summary of the works mentioned in Jorge Schvarzer, "Corporaciones empresarias y poder político en la Argentina: un enfoque desde adentro," CISEA mimeo, Buenos Aires, 1990.

6. Lewis makes several unsupported assertions that do not conform with the information available. He states that the military forced Martínez de Hoz to nationalize the Italo (the Compañía Italo Argentina de Electricidad), a private light and power firm (p. 456), even though the inquiries made by a special congressional commission found the former minister guilty of pressing for that very outcome. See *Informe El Caso Italo* (Buenos Aires: Congreso Nacional, 1985). Lewis also claims that Dante Caputo, a former cabinet minister under Raúl Alfonsín, had leftist sympathies and took up self-exile in Paris (p. 482). Caputo actually remained in Buenos Aires throughout the period of military government. Finally, Lewis states

William Smith's *Authoritarianism and the Crisis of the Argentine Political Economy* also takes on the challenge of accounting for the riddle of Argentine decline, but this study makes no attempt to emphasize any particular historical rupture or to find someone to blame. Focusing on the crisis itself, Smith proposes a model of conflicting social forces, a struggle that created formidable obstacles to any attempt at restructuring the system. His study stresses Argentina's political and social vicissitudes in the period between 1966 and 1973, under a military government guided by a neoliberal economic team determined to bring about change according to a long-term project (at least during 1967–1970). This study covers the same period in an approach similar to that used by Guillermo O'Donnell in a work written around the same time. According to Smith, he and O'Donnell agreed not to discuss their work before publication.⁷

Smith's detailed description of the different social and political conflicts during this period includes an analysis of the role played by social actors that supplements the existing literature. This account is especially useful because it includes the idea of structural conflicts along with other short-term political struggles, thus producing an accurate, yet nuanced, picture of the social and political processes of the time. Smith outlines the conflicts between transnationally oriented and domestically oriented capital. By juxtaposing the positions taken by various business corporations and how their stances were reflected in the political arena, Smith produces a picture of the period that is quite convincing.

The same cannot be said of Smith's brief description of the period between 1973 and 1976, the conflicts that arose, and their resolutions. He glosses over this third Peronist period and deals only cursorily with the large issues facing the military government (1976–1983) and of the Alfonsín administration in its early years (1983–1986). This shortcoming probably derives from the fact that Smith wrote most of his study between 1975 and 1980. By 1975 the many contradictions of Argentine social and political life had manifested themselves far more clearly than in the 1960s. An extremely useful work for understanding the present would be a comparative study of the two military regimes (1966–1973 and 1976–1983), particularly their internal contradictions, their relationships with other social sectors, and the extent to which the main actors profited from the earlier experience in securing positions in the second period.

Achieving a long-term perspective is also the goal of the compilation prepared by Guido Di Tella and Rudiger Dornbusch, *The Political*

that Alfonsín (whom he regards as pro-left) won the elections thanks to the rightist vote. These notions regarding Caputo and Alfonsín were elements of political debate in 1984 but can now be taken only as personal opinions.

7. See the already classic work of Guillermo O'Donnell, *El estado burocrático autoritario, 1966–73* (Buenos Aires: Belgrano, 1982).

Economy of Argentina, which covers the whole period from 1946 to 1983. The studies included were originally presented at a seminar held in 1984. Each contributor was asked to cover a particular administration. But given Argentina's periods of instability, this approach required bracketing together some short-lived governments, like those during 1955–1958 (two military presidents and four economy ministers in thirty-one months) and in 1962–63 (a provisional president with five economy ministers in only nineteen months). Thus the methodology chosen limited the scope of each essay and made articulation with the other contributions difficult.

In the introduction, Di Tella asserts that Argentina bears witness to a continuous decline caused by the vigorous intersectoral struggle, but a decline without catastrophes. In his view, the result has been low-cost modernization. Starting from a less optimistic diagnosis, Juan Portantiero presents an overall picture of the issue of governability in Argentina that does not seem to depend on the economic policy chosen, given the fact that everyone has failed. Portantiero concludes that the problems of the dispersion of power and the resultant confrontations were never resolved because no adequate political formula was found.

In the first chronological chapter, Jorge Fodor discusses the alleged nationalism of the first Peronist era and shows that the assessments made of the Argentine government's attitudes in 1946–1950 are based more on myth than on reality. Fodor's notes on the generous purchase of the railways from the British were already known in the vast literature on the subject, like the documents confirming Perón's early concern with attracting foreign capital into the Argentine oil industry.⁸ A new development is Fodor's use of diplomatic sources to show Perón's decision not to nationalize the meat-packing plants as well as the account of the concessions made to Great Britain with regard to exporting Argentine beef, disguised in a political discourse that suited British and Argentines alike.

Peronist economic policy is analyzed by Pablo Guerchunoff, who points out that the basic strategy was limited to redistribution and was not linked to projects for long-term growth. As of 1949, the effort to maintain current product share led to a subsidized credit policy whose effects modified real incomes of different sectors more than has usually been assumed in the literature. This by-product of the financial experience

8. The nationalization of the railways and its relationship to either a nationalistic or a pro-British stance have given rise to a myriad of contradictory works in Argentina. Perón's early inclination to attract foreign (especially U.S.) capital to oil-related activities was practically ignored until publication of Robert A. Potash's *The Army and Politics in Argentina, 1945–1962* (Palo Alto, Calif.: Stanford University, 1980). This work presented a remarkable series of documents on the subject for the years 1946–1948. The practical results in this regard were certainly rather meager due to the pressure exerted by other local interests. Perhaps that is the reason that the question was not brought up by Carl Solberg, who repeats the traditional view of presumed Peronist nationalism on oil until the volte-face in 1954. See Solberg, *Oil and Nationalism in Argentina* (Palo Alto, Calif.: Stanford University, 1979).

in recent years of high inflation hints at a change in approach for the remainder of the period, as noted by Carlos Díaz Alejandro in his comments.

The *Revolución Libertadora* (1955–1958) is briefly assessed by Celia Szusterman, who highlights ideological and political conflict within the government and even the supporting armed forces. Guerschunoff underscores the fact that this regime did not substantially alter the system inherited from Peronism, although the government launched a not very successful attempt to modify relative prices. Alberto Petrecolla takes an original look at the Arturo Frondizi administration (1958–1962). He assumes the essential continuity of the different policies tried in that period, all of them driven by the intention of making structural changes favoring development. No less controversial are Petrecolla's statements that an economy without inflation was a sought-after goal and that attempts were made to increase real salaries.

Juan de Pablo discusses the brief period under José Guido (1962–63) as a whole. In de Pablo's view, the monetary restriction and the subsequent recession were products of particular short-term conditions: the private sector did not want pesos and the government did not issue any. In the following essay, Graciela Kaminsky suggests that no proof exists to support such an interpretation, and de Pablo's reply indeed does not supply any.

The period under President Arturo Illia is analyzed by Alieto Guadagni, who observes rather nostalgically that this administration was not corporatist nor did it apply zigzagging policies like those in subsequent years. But, he continues, it neither managed to increase oil production nor succeeded in curbing inflation, leading him to conclude that "a correct technocratic approach is no substitute for the lack of political power." Guadagni's analysis again supplies new elements to emphasize the problems arising when handling Argentine economic data. To show that inflation was not checked, he uses the index of total price increases for 1966 (which includes six months under the rule of General Juan Carlos Onganía) to come up with 32 percent. But if only the last six months of the Illia administration are considered, then the annual inflation reached only 12 percent, one of the lowest levels in the 1960s. This discrepancy again underscores the importance of the basis selected for making calculations.

Geoffrey Maynard describes the policy in force from 1966 to 1970 as one of progressive stabilization ultimately undermined by a sharp rise in beef prices, which eventually affected all Argentine prices. He concludes that monetary measures alone are not enough to check Argentine inflation, a finding that keeps being reverified. Less valid is Maynard's deduction that Argentines are overconsumers of beef.

It is no accident that most of the remaining contributors to *The Political Economy of Argentina* stress the goal of price stability in policy

issues and show less interest in the problems of growth, which was slowly fading in reality as well as in theoretical analyses. Guido Di Tella discusses the third Peronist administration (1973–1976) in which he participated (and about which he has already written a book).⁹ His account of the so-called Rodrigazo (after Economy Minister Celestino Rodrigo) in June 1975 tells of the 100 percent devaluation along with an increase in utility rates of up to 200 percent applied in a single day, which triggered the inflationary explosion whose aftershocks are still being felt today. Di Tella highlights the political character of the decisions involved and the contradiction in dimension between the measures taken and the problems to be solved. More controversial is his treatment of the inflationary problem since that time. First, Di Tella's assertion that there is nothing inherent or structural in Argentina's inflationary cycles does not match the available data. This phenomenon dates back for decades and has caused prices to soar completely out of control (by a factor of thirty billion) in the last fifteen years. Such a pattern demands a special explanation beyond the usual ones. Also unsupported is Di Tella's observation on the oscillating character of all prices under high inflation. Prices cannot be linked to inflation alone or the argument becomes circular (high inflation increases price oscillation and the latter gives rise to high inflation). Walter Eltis's comment on Di Tella's essay draws a parallel between the Argentine experience and those of Great Britain and Australia. This opinion, however, would require accepting the notion that public deficits are the only cause underlying inflation and assuming that a 1,000 percent yearly inflation is the same as a 20 percent annual inflation, save for the scale.

Larry Sjaastad covers the period from 1976 to 1981, reiterating his conclusion in several previous works on the subject: the overall policy followed at the time was sound, and its failure is not sufficient reason for inferring that it was wrong.¹⁰ During that period, foreign debt accumulated because of the official strategy of borrowing foreign currency abroad to sell in the local market and thus hold down the exchange rate, which was expected to curb price increases. This aspect is discussed in the following essay by Franco Modigliani, who expresses amazement at the concept underlying this Argentine economic policy: that inflation could be conquered by selling dollars at a fixed price without further action and, worse yet, sticking to the experiment even after it had failed. Rudiger Dornbusch observes in turn that such a policy encouraged capital flight, implying a subsidy for purchasers of foreign currency that was paid by

9. Guido Di Tella, *Perón-Perón, 1973–76* (Buenos Aires: Sudamericana, 1982).

10. Larry Sjaastad, "La reforma arancelaria argentina: implicaciones y consecuencias," mimeo for the Centro de Estudios Macroeconómicos Argentinos (CEMA), 1981; and Sjaastad and Carlos A. Rodríguez, "Políticas de estabilización en la economía argentina, 1977–1982," CEMA mimeo, 1982.

the poor. Sjaastad defends his position by pointing out that only half the foreign debt originated in this period and that the other half must be blamed on the disastrous strategies adhered to subsequently. This argument, however, ignores the reality that foreign debt, once incurred, kept on growing automatically due to interest accumulation, regardless of the decisions made by subsequent governments facing an economic legacy with new features and unexpected consequences. A statistical appendix provides a series of long-term data on the Argentine economy, although this compilation reflects the already mentioned problems of sources and the disputed credibility of their figures.

Douglas Richmond's interest lies not in the economy but in making a sociopolitical analysis of a key figure of the Argentine elite at the end of the nineteenth century. Richmond's *Carlos Pellegrini and the Crisis of the Argentine Elites, 1880–1916* underscores this statesman's vision and his concerns for national development, cultural as well as economic, at a time when the determining factors in Argentine society were being forged. Richmond concludes that Argentine development from 1880 to 1916 was admirable. In his view, the subsequent retrogression resulted from two converging causes: the death of the best leaders of the traditional elite before 1930 (who apparently left no heirs of their own stature) and the advent of the administrations of Hipólito Yrigoyen and Juan Perón, which upset the system.

The documentation Richmond provides, however, offers material for a different interpretation, one suggesting that the policy adopted by this same elite set the national course to be followed in later years. For example, contradicting the idea of rupture are the personality and politics of General Julio Roca, who was twice president and one of the main leaders during the period under study. Roca's behavior anticipates almost all the features characteristic of Peronism several decades later. Richmond highlights Roca's leanings toward nepotism, his behavior as a benevolent boss, his schemes for handling provincial caudillos while consolidating his own power, his acceptance and even encouragement of corruption as a form of government, and other idiosyncrasies of local political life that were to brand Argentine development for years to come. Viewed from a historical perspective, *Carlos Pellegrini and the Crisis of the Argentine Elites* details the behavior of the Argentine ruling elite at the end of the nineteenth century and highlights the particular ethics of those who profited from the agrarian export boom but could not adapt to new conditions prevailing in the world economy when luck changed sides.

The concepts of continuity and rupture in Argentine history also appear in Joel Horowitz's careful study, *Argentine Unions, the State, and the Rise of Perón, 1930–1945*. The role played by the trade unions in the rise of Peronism has been a controversial issue in the academic tradition paralleling the political conflicts stemming from the movement. The debate

started with the pioneer studies of Gino Germani, who emphasized the appearance of a new working class with totalitarian leanings. It has now been fully developed in materials that are largely summarized in *Argentine Unions*. Seeking a different approach, Horowitz undertook a detailed study of the evolution and behavior of five trade unions already operating before the advent of Peronism (they accounted for 40 percent of unionized workers in 1939). The results enabled Horowitz to outline a full picture of the movement in which several features to be consolidated under Peronism were already prevailing. His portrait is less committed to political images but rich in nuances and undertones. The first feature discussed is the power of stable bureaucracies, which were entrenched in each organization and dominated them through all sorts of schemes, including electoral rigging. In addition, union leaders tended to extend their authority by managing beneficial enterprises and union funds that benefited workers but also increased the union leaders' economic power. Finally, Horowitz analyzes the unions' attempts to establish ties with political parties and government leaders, despite these actors' lack of interest in trade unions (or only a limited interest, in the case of the Socialists). This lack of interest was one reason why the workers' movement was exploring new approaches around 1943. In general, Perón's assumption of power required more changes in attitude on the part of the government than on the side of the trade unions, although the process became more complex later. Perón utilized an already existing movement instead of creating one (as Cárdenas did in Mexico), and he therefore encountered some difficulties in manipulating it. When continuity of union leaders posed a challenge, the government resolved it by successively displacing its former allies. Ultimately, however, Peronism was neither predetermined by earlier Argentine history nor did it veer off in a different direction in relations with trade unions. Historical continuity does not imply that no changes took place nor that repeated behavior is an inescapable outcome.

Raúl García Heras's *Automotores norteamericanos, caminos y modernización urbana en la Argentina, 1918–1939* deals mainly with a more limited aspect of national history: the competition between motor transportation and the steam and electric rail systems installed in the late nineteenth century by British railway and tram companies. The arrival of the big American car manufacturers in Argentina in the early twentieth century and their access to the domestic market produced an intense demand for these new vehicles, which in turn required roads and urban modernization for their use. García Heras stresses specific aspects within this overall phenomenon: incorporation of the local branches of American car manufacturers in Argentina; their impact on the tariff system (favoring local assembly of vehicles); certain problems arising from the 1929 crisis, when car imports were blocked and replacement of railway rolling stock was limited; establishment of the national road administration (the Dirección

Nacional de Vialidad) in 1932; and deterioration of the railway system as a precondition of change. Given the brevity of *Automotores norteamericanos*, it should be read in combination with other studies covering the period from a broader perspective, including Argentine relations with Great Britain and the United States in the 1920s and 1930s or the role of railways in Argentine politics and society.

Eduardo Conesa's *The Argentine Economy: Policy Reform for Development* differs from the other works under review in its emphasis on policy-making rather than analysis. His presentation underscores the contrast between Argentina's rich endowment of national resources and its poor economic outcome, concluding that inept management and misallocation of resources account for the country's failure. Using this premise, Conesa proposes that the Argentine economy be reoriented toward exporting industrial goods. He explains that no increase in agricultural exports should be sought because the world market can only absorb the additional supply by lowering prices and thus reducing Argentine real income. His recipe for selling industrial goods is known: devaluing the currency to the extent required to make industry competitive (which means placing the exchange rate 50 percent above the 1985–1988 average) and imposing restrictions on agrarian exports. The remainder of *The Argentine Economy* discusses different aspects of national reality (taxes, problems stemming from foreign debt and inflation, and similar subjects), although none of them are dealt with thoroughly.

Surveying the set of works reviewed leaves one with the sense that the Argentine riddle remains largely unanswered, perhaps because failure on such a grand scale precludes any single undisputed explanation. At the same time, it seems that too many subjects remain unexamined or otherwise taken for granted, despite the relevance of these detailed treatments. Paul Lewis's emphasis on representative business associations together with Horowitz's approach to the trade unions provide numerous hints that these subjects should be dissected more thoroughly, starting from the partial data available. Such an approach would mandate abandoning the simple notion of an immediate and direct correlation between the structure and interests of the respective actors and the organizations assuming their representation. The abundance of studies on political parties and other key institutions in national evolution (like the armed forces) contrasts markedly with the scant attention paid to corporatist (especially entrepreneurial) institutions as actors in the system.

One problem with this approach is that it requires the intersection of studies of Argentine society with analyses of economic policy. The latter field suffers from a notable lack of consistent and comprehensive long-term statistics and figures on key aspects of economic evolution. For example, Argentine inflation (a unique case because of its duration and intensity) is either neglected in the analyses or treated as if it were a

phenomenon similar to those observed in other countries rather than a special instance of this global enigma. Nor is inflation treated as the desired outcome of certain economic policies. Instead, inflation is always regarded as a regrettable by-product of “mistakes” or failures in the strategies applied. It is not surprising that the riddle becomes more impenetrable when the data on the problem do not include this prominent aspect, so different from the manifestations in other economies. The riddle of Argentine underdevelopment demands practical solutions, but needed first are more adequate diagnoses calling for a strenuous effort to modify the paradigms employed thus far to treat the country and its problems.