

AD-A175 758

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Argentina a country study

Foreign Area Studies
The American University
Edited by
James D. Rudolph
Research completed
August 1985



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Justification	
\$ 17.50	
Distribution/	
Availability Codes	
Dist	Special
A1	24



Third Edition, 1985; First Printing, 1986

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Library of Congress Cataloging in Publication Data

Argentina, a country study.

(Area handbook series)

"Research completed August 1985."

Bibliography: p.

Includes index.

I. Argentina. I. Rudolph, James D., 1947-

II. American University (Washington, D.C.). Foreign Area Studies. III. Series.

F2808.A6537 1985 982 86-3616

Headquarters, Department of the Army
DA Pam 550-73

Stock #008-020-01093-6
Price: \$17.50

Foreword

This volume is one of a continuing series of books prepared by Foreign Area Studies, The American University, under the Country Studies/Area Handbook Program. The last page of this book provides a listing of other published studies. Each book in the series deals with a particular foreign country, describing and analyzing its economic, national security, political, and social systems and institutions and examining the interrelationships of those systems and institutions and the ways that they are shaped by cultural factors. Each study is written by a multidisciplinary team of social scientists. The authors seek to provide a basic insight and understanding of the society under observation, striving for a dynamic rather than a static portrayal of it. The study focuses on historical antecedents and on the cultural, political, and socioeconomic characteristics that contribute to cohesion and cleavage within the society. Particular attention is given to the origins and traditions of the people who make up the society, their dominant beliefs and values, their community of interests and the issues on which they are divided, the nature and extent of their involvement with the national institutions, and their attitudes toward each other and toward the social system and political order within which they live.

The contents of the book represent the views, opinions, and findings of Foreign Area Studies and should not be construed as an official Department of the Army position, policy, or decision, unless so designated by other official documentation. The authors have sought to adhere to accepted standards of scholarly objectivity. Such corrections, additions, and suggestions for factual or other changes that readers may have will be welcomed for use in future new editions.

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Acknowledgments

The authors are grateful to numerous individuals who contributed their time, research materials, and special knowledge of Argentine affairs to this study. Special thanks are owed to the late Roberto Etchepareborda, who consulted with the authors during the initial stage of research, and Jack Child, who provided valuable comments on the draft manuscripts. The inclusion of photographs in this study was made possible by the generosity of various individuals, libraries, and private and public agencies.

The authors also wish to express their gratitude to members of the Foreign Area Studies staff who contributed directly to the preparation of the manuscript. These include Andrea T. Merrill, Catherine L. Connor, Dorothy Lohmann, and Denise R. Barber, who edited the manuscript; Gustavo Adolfo Mendoza, who designed the cover and the illustrations for the title page of each chapter and, along with Harriett R. Blood, prepared the graphics; Gilda V. Nimer, Lynn W. Dorn, and Karen Leitch, librarians; and Beverly A. Johnson and Cynthia A. Stanley, who photaset the manuscript. The assistance of Ernest A. Will, publications manager, and Wayne W. Olsen, administrative assistant, is also appreciated. The study was indexed by Beverly Mohamed.

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Preface

More than a decade of political turmoil that was partially resolved in the return to civilian, democratic rule in December 1983 necessitated a replacement for the 1974 *Area Handbook for Argentina*. Like its predecessor, *Argentina: A Country Study* is an attempt to treat in a compact and objective manner the dominant social, political, and national security aspects of contemporary Argentine society. Sources of information included scholarly journals and monographs, official reports of governments and international organizations, foreign and domestic newspapers, numerous periodicals and newsletters, and interviews with individuals who have special competence in Argentine and Latin American affairs. Chapter bibliographies appear at the end of the book; brief comments on some of the more valuable sources appear at the end of each chapter. Measurements are given in the metric system; a conversion table is provided to assist those readers who are unfamiliar with metric measurements (see table 1, Appendix). A Glossary follows the Bibliography. Table A, a reference tool that lists the presidents of Argentina from 1862 to the present, immediately follows this Preface; Table B, which gives the Spanish names and English translations for the many organizations and institutions referred to in the text by an acronym, follows Table A. The dictionary used was *Webster's Ninth New Collegiate Dictionary*.

Spanish surnames often consist of two parts—a patrilineal name followed by a matrilineal. In Argentina, however, the matrilineal is only rarely used. More often, a middle name appears in formal usage, e.g., Juan Domingo Perón, or a middle initial is used, e.g., Reynaldo B. Bignone. In many instances, such as that of Raúl Alfonsín, the formal name consists simply of the given name followed by the patrilineal. The patrilineal name is used for filing in the Index and the Bibliography.

Table A. Presidents of Argentina, 1962-1985

Name	Period	Means of Accession to Office
Bartolomé Mitre	1862-68	Military victory
Domingo Faustino Sarmiento	1868-74	Election
Nicolás Avellaneda	1874-80	-do-
Julio Argentino Roca	1880-86	-do-
Miguel Juárez Celman	1886-90	-do-
Carlos Pellegrini (vice presi- dent)	1890-92	Resignation of president
Luis Sáenz Peña	1892-95	Election
José Evaristo Uriburu (vice president)	1895-98	Resignation of president
Julio Argentino Roca	1898-1904	Election
Manuel Quintana	1904-06	-do-
José Figueroa Alcorta (vice president)	1906-10	Death of president
Roque Sáenz Peña	1910-14	Election
Victorino de la Plaza (vice president)	1914-16	Death of president
Hipólito Yrigoyen	1916-22	Election
Marcelo T. de Alvear	1922-28	-do-
Hipólito Yrigoyen	1928-30	-do-
José F. Uriburu	1930-32	Military revolt
Agustín P. Justo	1932-38	Election
Roberto M. Ortiz	1938-40	-do-
Ramón S. Castillo (vice presi- dent)	1940-43	Delegation of authority by president
Arturo J. Rawson	1943	Military revolt
Pedro Pablo Ramírez	1943-44	Coup d'état
Edelmiro J. Farrell	1944-46	-do-
Juan Domingo Perón	1946-55	Election
Eduardo Lonardi	1955	Military revolt
Pedro E. Aramburu	1955-58	Coup d'état
Arturo Frondizi	1958-62	Election
José M. Guido	1962-63	Coup d'état
Arturo Illia	1963-66	Election
Juan Carlos Onganía	1966-70	Military revolt
Roberto Marcelo Levingston	1970-71	Coup d'état
Alejandro Agustín Lanusse	1971-73	-do-
Héctor J. Cámpora	1973	Election
Juan Domingo Perón	1973-74	-do-
María Estela (Isabel) Marti- nez de Perón (vice presi- dent)	July 1974- March 1976	Death of president
Jorge Rafael Videla	May 1976- March 1981	Coup d'état

Table A—Continued

Name	Period	Means of Accession to Office
Roberto Viola	March- December 1981	Resignation of president
Leopoldo Galtieri	December 1981- June 1982	-do-
Reynaldo B. Bignone	July 1982- December 1983	Military revolt
Raúl Alfonsín	December 1983-	Election

Source: Based on information from Carlos A. Astiz, "Forward" in Alberto Ciria, *Parties and Power in Modern Argentina (1930-1946)*, Albany, 1974, xiv.

Table B. Acronyms from Spanish and English Translations

Spanish (English Translation)	Acronym
Political Parties and Coalitions	
Alianza Demócrata Socialista (Democratic Socialist Alliance)	ADS
Alianza Federal (Federal Alliance)	AF
Alianza Revolucionaria Popular (Revolutionary Popular Alliance)	ARP
Frente de Izquierda Popular (Popular Left Front)	FIP
Línea Nacional (National Line)	LN
Movimiento al Socialismo (Movement to Socialism)	MAS
Movimiento de Afirmación Yrigoyenista (Yrigoyenist Affirmation Movement)	MAY
Movimiento de Integración y Desarrollo (Movement for Integration and Development)	MID
Movimiento de Intransigencia y Movilización (Intransigence and Mobilization Movement)	MIM
Movimiento de Renovación y Cambio (Movement of Renovation and Change)	MRC
Partido Comunista Argentina (Argentine Communist Party)	PCA
Partido Demócrata (Democratic Party)	PD
Partido Demócrata Cristiano (Christian Democratic Party)	PDC
Partido Demócrata Progresista (Progressive Democratic Party)	PDP
Partido Federalista del Centro (Federalist Party of the Center)	PFC
Partido Intransigente (Intransigent Party)	PI
Partido Justicialista (Justicialist Party)	PJ
Partido Obrero (Workers' Party)	PO

Table B—Continued.

Spanish (English Translation)	Acronym
Partido Popular Cristiano (Christian Popular Party)	PPC
Partido Revolucionario Cristiano (Christian Revolutionary Party)	PRC
Partido Socialista (Socialist Party)	PS
Partido Socialista Democrática (Democratic Socialist Party)	PSD
Partido Socialista Popular (Popular Socialist Party)	PSP
Unión Cívica Radical (Radical Civic Union)	UCR
Unión Cívica Radical del Pueblo (People's Radical Civic Union)	UCRP
Unión Cívica Radical Intransigente (Intransigent Radical Civic Union)	UCRI
Unión del Centro Democrático (Union of the Democratic Center)	UCD
Unión Democrática (Democratic Union)	UD
Unión Federal Demócrata Cristiana (Christian Democratic Federal Union)	UFDC
Unión Republicana (Republican Union)	UR
Labor Organizations	
Confederación General del Trabajo de los Argentinos (General Confederation of Labor of the Argentines)	CGTA
Comisión Nacional de Trabajo (National Labor Commission)	CNT
Comité Gestión y Trabajo (Labor Action Committee)	CGYT
Conducción Única de los Trabajadores Argentinos (Only Vehicle of the Argentine Workers)	CUTA
Confederación General de Trabajo (General Confederation of Labor)	CGT

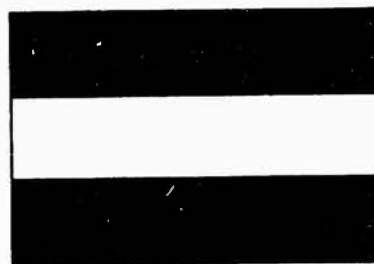
Table B—Continued.

Spanish (English Translation)	Acronym
Confederación General del Trabajo de la República Argentina (General Confederation of Labor of the Argentine Republic)	CGT-RA
Confederación Obrera Argentina (Argentine Workers' Confederation)	COA
Confederación Obrera Regional Argentina (Regional Confederation of Argentine Workers)	CORA
Federación Obrera Regional Argentina (Argentine Regional Federation of Workers)	FORA
Movimiento de Unidad y Coordinación Sindical (Movement of Labor Unity and Coordination)	MUCS
Unión General de Trabajadores (General Workers' Union)	UGT
Unión Sindical Argentina (Argentine Syndicalist Union)	USA
Other Political Actors and Interest Groups	
Acción Coordinadora de Instituciones de Empresa Libre (Coordinating Action of Free Business Institutions)	ACIEL
Alianza Argentina Anticomunista (Argentine Anticommunist Alliance)	AAA
Cámara Argentina de Comercio (Argentine Chamber of Commerce)	CAC
Confederación General de Profesionales (General Confederation of Professionals)	CGP
Confederación General Económica (General Economic Confederation)	CGE
Confederación General Universitaria (General University Confederation)	CGU
Confederación Rural Argentina (Argentine Rural Confederation)	CRA
Ejército Revolucionario del Pueblo (People's Revolutionary Army)	ERP
Fuerzas Armadas Peronistas (Peronist Armed Forces)	FAP
Grupo Obra de Unificación (Unification Task Force)	GOU
Juventud Argentina por la Emancipación Nacional (Argentine Youth for National Emancipation)	JAEN

Table B—Continued.

Spanish (English Translation)	Acronym
Juventud Peronista (Peronist Youth)	JP
Movimiento Industrial Argentino (Argentine Industrial Movement)	MIA
Movimiento Industrial Nacional (National Industrial Movement)	MIN
Sociedad Rural Argentina (Argentine Rural Society)	SRA
Unión Industrial Argentina (Argentine Industrial Union)	UIA
Government Agencies	
Comisión Nacional de Energía Atómica (National Atomic Energy Commission)	CNEA
Comisión Nacional sobre la Desaparición de Personas (National Commission on the Disappearance of Persons)	CONADEP
Dirección General de Fabricaciones Militares (General Directorate of Military Manufactures)	DGFM
Instituto Argentino de Promoción del Intercambio (Argentine Trade Promotion Institute)	IAPI

Country Profile



Country

Formal Name: Argentine Republic (República Argentina).

Short Form: Argentina.

Term for Citizens: Argentines.

Capital: Buenos Aires.

Flag: Three vertical bands—two light blue, one white.

Geography

Size: 2,771,300 square kilometers—second largest nation (after Brazil) in Latin America.

Topography: Wide variety of topographical features. Andes mountains and foothills lie in west along Chilean border. Subtropical jungles in north, fertile prairie lands in center, and subantarctic territories in south.

Climate: Great variations owing to considerable north-south extension. Andean regions vary from cool in north to cold in south. Northern lowlands tropical; central prairie lands moderate.

Society

Population: Mid-1985 estimated population 30.7 million. Annual rate of growth 1.5 percent.

Education and Literacy: Partially decentralized system. Primary education compulsory. In 1980 official literacy rate 94.2 percent.

Health and Welfare: One of highest health standards in Latin America. In 1985, life expectancy 70 years. Infant mortality rate 35.3 per 1,000 live births. Leading causes of death heart disease, cancer, accidents, and problems relating to childbirth.

Language: Spanish, official language, spoken by virtually all.

Religion: 91.6 percent of population professes Roman Catholicism. Protestantism, with 2.5 percent, ranks second.

Economy

Gross Domestic Product (GDP): In 1983 equivalent to US\$2,

497 per capita. Growth of economy linked closely to production and export of cereals and oilseeds.

Agriculture: Production alone accounted for over 15 percent of GDP. Associated agroindustrial activities in processing, transport, sales, and other services raised total share of agriculture-based output in GDP to about 30 percent.

Manufacturing: Contributed 24.1 percent of GDP in 1983. Major industries comprised metal products, machinery and equipment, food and beverages, and chemicals.

Exports: US\$7.8 billion in 1983. Agricultural goods accounted for 79 percent of total export value. Most important agricultural exports—cereals, oilseeds, and their byproducts—accounted for 56 percent of total export value. Other important exports included minerals and fuels, metals, plastics, resins, and rubber.

Imports: US\$4.5 billion in 1983. Main imports included machinery and equipment, chemicals, fuels and lubricants, and metals.

Major trade partners: In 1983 major export markets included Soviet Union, United States, Netherlands, China, Iran, and Japan. Major sources of imports included United States, Brazil, Federal Republic of Germany (West Germany), Bolivia, Japan, and Italy.

Currency: Austral, divided into 100 centavos, is unit of currency.

Government and Politics

Government: 1853 Constitution in force in 1985. Federal system with 22 provinces, the Federal District, and one national territory formally autonomous in matters not specifically delegated to national government. Local autonomy limited by national government power to intervene in provinces in order to "guarantee the republican form of government." National government power concentrated in indirectly elected president. Bicameral legislature (Congress consisting of 46-member Senate and 254-member Chamber of Deputies) relatively

weak. Most senators elected indirectly; deputies elected directly. National judiciary headed by Supreme Court. Provincial governments headed by elected governors. Means of election vary, with some elected directly and some indirectly. Most provincial legislatures unicameral; some bicameral. Most local governments headed by mayors appointed by governors.

Politics: Liberal-democratic system reestablished in December 1983 after eight years of military rule. In 1985 governing party, Radical Civic Union (Unión Cívica Radical—UCR), controlled presidency and Chamber of Deputies. Major opposition party was Justicialist Party, with strong ties to organized labor. Large number of smaller parties to both right and left of these two. Organized labor and armed forces important political forces, together with large number of interest groups.

Foreign Relations: Formally of United States but maintains independent posture on many issues. Relations seriously damaged as result of 1982 South Atlantic War with Britain. Growing trade relationship with Soviet Union. Major issues include status of South Atlantic islands and questions concerning payments on country's foreign debt.

International Agreements and Memberships: Party to Inter-American Treaty of Reciprocal Assistance (Rio Treaty). Membership in international organizations includes Organization of American States and its specialized agencies, United Nations and its specialized agencies, Latin American Integration Association, and Nonaligned Movement.

National Security

Armed Forces: Controlled by civilian-directed Ministry of Defense. Total strength of professional troops in 1985 approximately 110,000: Argentine Army, 65,000; Argentine Navy, 28,000; Argentine Air Force, 17,000. Total number of conscripted personnel about 47,000. Paramilitary forces, responsible to Ministry of Defense, divided between National Gendarmerie and Argentine Naval Prefecture and totaled 20,000 personnel. Reserve troops, including National Guard and Territorial Guard, also available for military service.

Military Units: Personnel in Argentine Army divided among

four army corps. Argentine Navy divided among four naval zones corresponding to coastal and riverine territory. Air force divided among nine air brigades. Number of army brigades—largest ground troop formations—being cut from 10 to six in mid-1980s. Major naval vessels in 1985 included four submarines, one aircraft carrier, and 10 destroyers. Major air force formations included four ground-attack/interceptor squadrons, three ground-attack squadrons, one bomber squadron, two counterinsurgency squadrons, and one attack helicopter squadron.

Internal Security: Civilian-directed Ministry of Interior principal government body responsible for internal security in 1985. Size of Federal Police, major law enforcement agency, estimated at slightly over 20,000. Other law enforcement bodies included provincial, city, and municipal police forces. Right-wing terrorism identified by government as primary internal security problem in 1985. By mid-1985 elite antiterrorist police corps formed.



Figure 1. Administrative Subdivisions, 1985

Introduction

IN A GREAT MANY WAYS, Argentina is the nation of Latin America that least abides by the stereotypes that many North Americans hold with respect to the nations to the south. Not mestizo (of mixed Indian-European race), nearly 90 percent of Argentina's 30.7 million inhabitants in 1985 were considered "white." Not poor, rural, and illiterate, the Argentine population was nearly 80 percent urban, 95 percent literate, and a great majority middle class (see *Ethnic Categories and Population*, ch. 2). Although mountains and tropical regions are found within its borders, the greater part of Argentine territory consists of rich agricultural lowlands and is blessed with a temperate climate. Its vast endowment of resources once led citizens of the young Argentine nation to hypothesize that "God is an Argentine."

In the realm of politics, however, Argentina has been for over half a century a virtual archetype of an unstable Latin American system with a high degree of military participation. Social scientists studying Argentina in a comparative context have long been puzzled by this seeming paradox in which socioeconomic development led not to an "advanced" democratic political system but to political decay. Argentines—who tend to consider themselves superior to their "Third World" Latin American neighbors—have agonized to the point of developing what some observers have called a "collective neurosis" over their inability to establish a stable political order that could restore the nation's pre-1930 economic vigor.

It was not until the 1973 publication of the seminal work by Argentine political scientist Guillermo A. O'Donnell, called *Modernization and Bureaucratic-Authoritarianism*, that outside analysts began to consider Argentina's advanced level of socioeconomic development as a *cause* of its political instability and its tendency toward an authoritarian, military-dominated political system. High levels of socioeconomic development were accompanied by mounting demands from various political groups. These demands, O'Donnell reasoned, were beyond the ability of a democratic government to fulfill—given local economic resources that were limited by high levels of foreign participation—thereby forcing the assumption of political

power by an authoritarian who would impose limits on the political demands of one or more interest groups.

The election and inauguration of Raúl Alfonsín in 1983 marked the end of Argentina's most recent plunge into military rule. The return of democratic rule did not end the conflict within the Argentine polity, but, very importantly, it did mark the reining in of conflict to within legal boundaries. The year 1985 held the potential of becoming, before its end, an even more important watershed in the nation's political history. Through May the nascent democracy had been threatened by runaway inflation as the government spent recklessly—in a fashion consistent with O'Donnell's analysis—to satisfy the economic demands of various interest groups.

Then, after announcing the need to institute a "war economy" to attack the nation's economic ills, Alfonsín implemented a series of austerity measures in June that together constituted the most drastic economic "shock treatment" ever attempted in the nation's history. All interest groups were asked to sacrifice in the short term in order to confront collectively the crisis wracking the economy, which had been stagnant for more than a decade and was on the verge of complete paralysis because of inflation and a staggering foreign debt of some US\$48 billion. Argentines were asked to put aside their traditional divisiveness and, together, adhere to measures designed to stop inflation in its tracks and restore the productive potential of an economy with many and varied natural, human, and industrial resources.

Such an expression of political will to set a truly national agenda was a rare act of statesmanship in the history of a nation whose politicians seldom looked beyond their particular interests to consider the common good. Three months after the program's implementation—to the amazement of observers accustomed to the contrariness of Argentines in matters that affected their pocketbooks—the population remained supportive of Alfonsín's austerity measures. If this support were to become sustained over time, it could profoundly alter the heretofore pessimistic course of modern Argentine history.

Divisiveness between Federalists and Unitarians (those seeking a federal and a centralist political system, respectively) and between coastal and interior populations prevented the formation of the modern-day Argentine nation-state until 1880, more than a half-century after the successful struggle for independence from Spain (see *National Consolidation and Europeanization, 1852-80*, ch. 1). The political unification of

Buenos Aires with the interior provinces was richly rewarded; the decades following 1880 were to be the heyday of the modern Argentine nation. Argentine production of beef and wheat and a vast trading network with Western Europe, especially Britain, brought immense wealth. At the close of the nineteenth century, Argentine riches matched those of the United States. Its citizens imitated the life-style of Europe, and Buenos Aires became known as the "Paris of South America." Millions of immigrants—mostly from Spain and Italy—flocked to Argentina to share in the bounties offered in the southern reaches of the New World.

In 1916 the political system—long dominated by Conservatives representing export-oriented elites—was transformed to reflect the social changes brought on by waves of immigrants. That year saw the election of Radical Civic Union (Unión Cívica Radical—UCR) caudillo Hipólito Yrigoyen, who represented the coming to power of the nation's new middle classes. By 1930 the aged and increasingly incompetent UCR leader was unable to meet the crisis of the Great Depression, and he was overthrown by members of the armed forces representing the old Conservative export elites. Thus began the cycle of military interventions into the political process that has plagued Argentina ever since.

The second major actors in contemporary Argentine politics—the Peronists—first came into play in 1946, when Juan Domingo Perón was first elected to the presidency. Over the next six years his populist policies brought great advances to the nation's lower classes. The death in 1952 of Eva Duarte de Perón—Perón's second wife, who had adopted the role of personal benefactor to Argentina's working class and assumed a political persona of near mythical proportions—however, coincided with the beginning of a progressively deepening economic recession (see *Argentina under Perón, 1946-55, ch. 1*). By 1955 the armed forces again intervened to oust the *líder*, whose mass appeal had rapidly faded with the growth of the economic crisis.

Both the Peronists and the armed forces gained opportunities to rule again during the 1970s. Both periods were to end in disaster.

Perón returned for his second period of rule in 1973 amidst great popular expectations. He had continued to play an important political role during nearly two decades of exile in Spain, when the spectrum of political interests that remembered his legacy favorably widened while Argentina's present

reality became progressively less appealing. All but his most reactionary supporters were to be disappointed with Ferón's second performance. The situation went from mediocre to disastrous after his third wife, María Estela (Isabel) Martínez de Perón, assumed the presidency following the death of the aged *líder* in 1974. Under Isabel, terrorism from the left and the right ran rampant, as did economic decay, which became manifest most clearly in runaway inflation. The nation breathed a collective sigh of relief when the armed forces removed the incompetent Isabel from office in March 1976.

The new regime under General Jorge Rafael Videla attempted to apply a monetarist solution to economic problems and launched what it called the war against subversion, which came to be widely known to others as the "dirty war", in an attempt to defeat definitively left-wing guerrilla activity that was out of control by early 1976. With the complicity of silence among all but a handful within the Argentine population, the military regime undertook widespread kidnappings, torture, and murder—not only of the violent guerrilla left but also of the nonviolent leftist political activists, their sympathizers, and their families. The war against subversion was viewed within the military's National Security Doctrine as the beginning of "World War III," which it defined as a struggle against the efforts of communism for world supremacy (see *The War Against Subversion*, ch.5). In three years as many as 30,000 Argentines were killed; many simply vanished, never to be seen again, and thus earned the misnomer "disappeared."

It was economic failures, however, that brought increasing pressures from outside the regime, while interservice rivalries brought pressures to bear from within. By early 1982 the third successive military junta, led by General Leopoldo Galtieri, found the pressures from rapidly escalating economic problems accompanied by widening strike activities to be too much to bear. It reached into its last refuge of public legitimacy—patriotism—and launched a disastrous war effort to recover the Falkland/Malvinas Islands from Britain. The war had the desired short-term effect as the population—in near revolt against the regime in March—rallied around the flag in April. The Argentine surrender in June came as a shock to a population whose government-controlled press had reported little but propaganda to fuel the patriotic fire during three months of hostilities. When the beleaguered Argentine troops began to return, the truth was revealed about the lack of coordination among the army, air force, and navy; the poor performance of

raw recruits in battle; the lack of preparation for conditions on the cold, windswept islands; and the diversion of food and supplies meant for the troops into black markets (see *The South Atlantic War*, ch.5). One citizen summarized the sentiments of many toward the armed forces: "First they showed us they cannot govern, then they showed us they cannot run an economy, and now they show us that they cannot fight a war." The humiliated armed forces began a retreat from governing shortly afterward. The military government was not routed from political office by an outraged populace, however. Rather, 18 months after having spent the last of its political capital on a miscalculated war effort, it stepped down and peacefully handed power back to civilian authorities.

The population was initially skeptical about the return to civilian rule, given the disaster of 1973-76 under the Peróns. It was not until the evening following the voting, October 30, 1983, that the nation expressed a sense of joy and celebration over the return to democratic rule. For the first time in more than a half-century, neither the armed forces nor the Peronists (who had won every other freely contested election since 1946) held supreme political authority.

The victor, Raúl Alfonsín, who was born in a small city in the province of Buenos Aires in 1926, had joined the UCR at age 17 and had been elected to the Chamber of Deputies in 1953 and again in 1963. After 1970 Ricardo Balbín, who headed the party's powerful machine in Buenos Aires, became the leader of the UCR, and Alfonsín established a rival "Renovation and Change" faction. Balbín's death in 1982 left the door suddenly open to the still relatively unknown Alfonsín, who sought a younger and more dynamic image for the Radicals.

His victory in 1983 was more a rejection of the Peronists than a popular embrace of Alfonsín and the UCR. Alfonsín won 52 percent of the popular vote versus 40 percent for the Peronist candidate, Italo Luder. The UCR also won an absolute majority of the seats in the Chamber of Deputies, giving Alfonsín a clear mandate to pursue his own policy agenda. This agenda had been given only vague, left-of-center definition during the campaign: the power of the armed forces was to be limited, and they were to be held accountable for past excesses; the economy was to be reactivated with a primary role envisioned for the state; and a nonaligned foreign policy was to emphasize the need to recover the Falkland/Malvinas Islands through peaceful means (see *The Politics of Democratic Restoration*, ch. 4).

Alfonsín's most immediate task, for the sake of his political survival, dealt with the armed forces. Three days after his December 10 inauguration, Alfonsín named new commanders for the three armed services and, by reaching down the ranks for personnel whose loyalty he felt assured of, forced the retirement of 40 senior generals and admirals. Drastic cuts were ordered in the military budget, which had been greatly inflated during seven years of military rule, and trials were ordered for nine former junta members for their roles in the dirty war. After the armed forces' own top tribunal found them innocent of any wrongdoing, they were ordered to be tried by a civilian federal appeals court.

The months preceding the April 1985 opening of the trial, dubbed "Argentina's Nuremberg" by the press, were filled with tension. Terrorist bombings, death threats against a number of the 1,000-plus witnesses, and frequent reports of planned coups d'état by officers both angered by Alfonsín's budget cuts and unrepentant with respect to the dirty war evoked an eerie sense of déjà vu. One month before the trial began, Alfonsín forced the retirement of 16 more top officers (leaving only three of the 53 army generals who had been on active duty when he assumed office) by naming new army and air force commanders. Although this second purge of the top ranks silenced the coup rumors, critics argued that hundreds, if not thousands, of like-minded officers and noncommissioned officers remained in the lower ranks. Furthermore, his naming Air Force Brigadier General Teodoro Waldner to chair the Joint Chiefs of Staff, the armed forces' highest position, which had traditionally been held by an army officer, exacerbated interservice rivalries that had blossomed as a result of public recriminations following the 1982 South Atlantic War.

The initial stage of the trial ended in mid-August after four months of testimony against the nine, who, charged with various counts of murder, torture, robbery, breaking and entering, and falsifying public documents, faced from between 10 years and life imprisonment. After a recess and a month for the prosecution and the defense to summarize their cases, a verdict was expected in October or November. It was ironic that toward the end of the trial, which Alfonsín had declared necessary in order to ensure that such massive abuses of human rights never again occurred and which had earlier riveted the attention of the Argentine population, public concern with the issues brought forth by the trial took a backseat to pressing

economic matters, such as unemployment and low wages, the foreign debt and, particularly, inflation.

Alfonsín's performance with respect to the economy during his first 18 months in office was a disappointment to all. Efforts to reactivate the economy had been mediocre at best, and political pressures to keep wages up and government spending apace by resorting to the printing presses had sent inflation soaring. By May 1985 consumer prices were rising at an annual rate of over 1,000 percent and continuing upward (see *Growth and Structure of the Economy*, ch. 3). Hyperinflation threatened not only the Argentine standard of living but also the political popularity of Alfonsín, who, six months hence, was to face the twin challenges of the military reaction to the verdict in the dirty war trial and, on November 3, interim elections for half the seats in the Chamber of Deputies and numerous municipal offices.

On June 14 the president confronted these challenges with the implementation of drastic economic "shock treatment." The announcement of austerity measures, which promised to result in severe hardships for the population in the short term, was a bold gamble for his political future as well as for the future of the nation. The measures included the initiation of wage and price freezes; a pledge to reduce the government budget deficit from over 12 percent of the gross domestic product (GDP—see Glossary) to 2.5 percent during the second half of 1985 and to stop the printing of new money; and the introduction of a new currency, the austral, to replace the peso at the rate of one to 1,000.

The success of these extraordinary anti-inflationary measures depended on both the government's willingness to hold down its end of the bargain by freezing the supply of money and by drastically reducing its past spending habits and, more difficult to control, the sustained support of the normally fickle Argentine citizenry. Initial signs were encouraging. Minister of Economy Juan Sourrouille announced that consumer price rises dropped from almost 30 percent during the month preceding the implementation of the austerity measures to only 6.2 percent in July and about 3 percent in August. In addition, the government borrowed no money during July, and its deficit fell dramatically to 4.1 percent of GDP in that single month. Most important, the public remained supportive of the austerity program despite the appearance of the anticipated fall in real wages and rise in unemployment. A general strike called by the General Confederation of Labor on August 29 to protest

the president's economic program failed to gain widespread support. A few days later, having satisfied its foreign creditors of its compliance with the policy guidelines of the International Monetary Fund (IMF—see Glossary), the government obtained a US\$13.9 billion debt rescheduling agreement and a pledge of US\$4.2 billion in new loans to be disbursed by the end of 1985.

Difficult hurdles remained if the austerity program was to be judged successful, however. Breaking the long-held inflationary psychology of the Argentine population and thus thinking in terms of production rather than financial gamesmanship in order to cope with inflation would demand a major readjustment in a life-style to which the nation had become accustomed. In addition, a renewed sense of civic responsibility would be essential to the program's success. Past loans had been squandered on personal consumption and often ended up in foreign bank accounts and other investments overseas. One of Alfonsín's greatest challenges was to instill the public confidence and patriotism necessary to draw the estimated US\$25 billion to US\$35 billion held by Argentines abroad into vitally needed investments back home. Finally, it remained unclear how great a loss of income the nation's two most historically powerful political groups—the armed forces and the Peronist-dominated labor unions—would tolerate before galvanizing their forces and exercising their often proven capacity to disrupt the political order.

September 25, 1985

James D. Rudolph

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In elections held November 3, there were 5,807 seats contested at all levels of government, including 127 seats in the Chamber of Deputies and some 50 percent of the seats in the provincial legislatures. Prior to the election, the UCR had 129 deputies and the Justicialist Party (Partido Justicialista—PJ) 111. The PJ went into the elections divided, running two separate slates in Buenos Aires and other provinces. The UCR repeated its campaign strategy of 1983, running on a platform

emphasizing the need for a rededication of the newly installed liberal-democratic system.

As the election campaign progressed, the incidents of terrorist bombings continued and intensified. On October 22 Alfonsín ordered the arrest of 12 people on conspiracy charges, including fugitive retired General Guillermo Suárez Masón, two other retired officers, three army officers on active duty, and six civilians, two of whom were journalists. The arrest decree was ruled unconstitutional by the courts, however, prompting Alfonsín to declare a stage of seige suspending constitutional guarantees for 60 days. In an address to the nation on October 30 explaining the move, Alfonsín argued that the bombings were part of a carefully orchestrated campaign by a small group attempting to seize power and were not an indication of social conflict in Argentine society. He also promised that the elections would proceed normally.

The elections took place as scheduled on November 3. The results were widely interpreted as a boost for Alfonsín and the UCR. Incomplete returns showed the UCR with some 43 percent of the national vote compared with some 34 percent for all the factions of the PJ combined. UCR representation in the Chamber of Deputies increased to 130 while the PJ's declined to 106. More significant, the UCR also scored victories in several of the provincial contests, increasing the likelihood that it would achieve a majority in the Senate in elections scheduled for 1986.

November 22, 1985

Craig H. Robinson

Chapter 1. Historical Setting



Colonial church in mountains of Córdoba Province

THE SPANISH DISCOVERY, conquest, and settlement of the area of present-day Argentina began in the early sixteenth century. Two distinct flows of exploration converged into the area: one directly from Spain, the other from previously conquered areas of South America. The early centers of Spanish colonial rule were located to the northwest of present-day Argentina, in areas where mineral wealth was readily available. Northwestern Argentina developed links to the mining areas of present-day Bolivia, but coastal Argentina remained a backwater for most of the colonial period. The effective occupation of the Río de la Plata basin was eventually prompted by the threat of Portuguese encroachment from Brazil. A new colonial administrative unit, the Viceroyalty of the Río de la Plata, was created in 1776, marking the beginning of Buenos Aires' pre-eminence in Argentina.

The era of the viceroys initiated the struggle for Argentine independence, which was achieved in 1810 as a result of a combination of internal and external factors prompted by the Napoleonic Wars in Europe. Between 1810 and 1829 Argentina experienced intense competition between the interior and the city of Buenos Aires. This was followed by a period of predominance of the interior landed interests over the port city.

The dictatorship of Juan Manuel de Rosas (1829-52) was characterized by harsh military rule, censorship, and complete domination of "enlightened" Buenos Aires by the "barbarous" interior. Rosas' instruments of government were repression and terror, generating strong opposition to his regime, which finally collapsed owing to increasing foreign political and economic pressures.

After a long stretch of dictatorial rule, the majority of Argentines longed for representative government. In 1853 Argentina produced one of the most liberal constitutions in the world. However, the tenacious rivalries between *porteños* (residents of Buenos Aires) and provincial interests created a protracted institutional battle that divided the country until 1880, when Buenos Aires finally joined the other provinces and became the capital of the Argentine Republic.

The period of the late nineteenth and early twentieth centuries was characterized by major economic and social transformations resulting from massive European immigration to

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Argentina and general technological improvements in agriculture, transportation, and communications. It also marked the emergence of popular political forces representing the criollo-immigrant classes, which opposed the traditional landed elite. The period roughly corresponding to World War I was important for the consolidation of Argentine political life, the growth of the national economy, and the recognition of the significance of the masses in the political process. By the end of the 1920s Argentina was suffering the effects of the Great Depression; agricultural prices declined, and foreign investors shied away from the country.

The following decade brought a new set of actors represented by the professional military of middle-class origin, which played an important role in Argentine politics during the next half-decade. Juan Domingo Perón changed the course of Argentine history after World War II by training generations of politicians in the art of political manipulation of the labor force. Perón's political legacy was embodied in the Peronist movement—Justicialismo—that remained a major force in Argentine politics long after World War II.

Argentina witnessed two formative periods under Rosas and Perón: the consolidation of landowning interests in the mid-nineteenth century and that of urban industrial interests in the mid-twentieth century. Based upon these foundations, after 1955 the country faced an internecine struggle to redistribute income and wealth among the predominant export sector and other interest groups, even for a short time, which directly influenced the course of Argentina's political and economic development. During recurrent periods of economic stagnation when export prospects and living standards deteriorated, distributional claims often were settled at the expense of required austerity measures and democratic institutional arrangements. The armed forces were often compelled to intervene and halt the ensuing economic chaos and political turmoil that resulted. Political changes were primarily characterized by new political arrangements between traditional forces such as the export sector, the military, the middle classes, and the labor organizations rather than by the introduction of new groups to the political spectrum.

The fall of the second Peronist administration in 1976 led to seven long years of authoritarian rule in Argentina. The period of 1976-83 was similar to that of 1829-52, when Rosas held absolute power over the entire nation. Both eras were distinguished by growing nationalism, armed repression, ter-

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ror, and despair. As the end of the Rosas regime led to a period of national consolidation, so Argentina embarked on a new phase of civilian-led democratic reorganization with the 1983 election of Raúl Alfonsín to the presidency. At the time of Alfonsín's December inauguration, however, Argentina remained plagued by the aftermath of the 1982 South Atlantic War; the still unresolved boundary dispute with Chile over the Beagle Channel; an ailing economy handicapped by a US\$40 billion foreign debt; and the legacies of the thousands of people who had been abducted, tortured, and killed in the military government's "dirty war" against subversion during the previous decade.

Discovery and Colonization, 1492-1810

The Native Peoples of Argentina

The Spanish conquistadores encountered high civilizations in the New World in the area of present-day Mexico and in the Andean region. At the time of the Spaniards' arrival in the sixteenth century, the territory of present-day Argentina was inhabited by native populations that lacked the sophistication of the Mayas, Aztecs, and Incas. In areas of northwestern Argentina, however, the ruins of stone buildings attest to the former presence of more sedentary groups that were under Inca influence. Because of the difficulties of classifying all Argentine native peoples according to linguistic and anthropological characteristics, most scholars have agreed upon a classification based on their geographic distribution.

The extinct Diaguitas, or Calchaquians, were native warriors who inhabited the mountains of the Argentine Northwest (present-day provinces of Jujuy, Catamarca, Tucumán, La Rioja, and Salta), a region characterized by its arid climate. They were organized in tribes under the control of a chief. Their dwellings, which were made of stones piled without mortar to secure them in place, were located in densely populated villages. Agriculture and the manufacture of pottery were primary occupations, and their diet consisted of maize, peas, gourds, and native fruits.

The Matacos-Mataguayos, Chorotes, Guaycurúes, and Chiriguano were the most important tribes that inhabited Argentina's Gran Chaco forests (in the present-day provinces of Chaco, Formosa, Santiago del Estero, northern Córdoba, and northern Santa Fe). They were nomadic fishermen and hunters

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whose main activity was textile manufacturing. They also built canoes from the trunks of trees and knew how to produce fire by rubbing together two pieces of wood.

The most important tribes of the Littoral (the 500-kilometer urban corridor stretching along the western banks of the Río Paraná and the Río de la Plata) and Mesopotamia (present-day provinces of Misiones, Entre Ríos, and Corrientes) were the now extinct Timbúes, Caingúas, Mocoretas, Charrúas, and Agaces. Like the Gran Chaco tribes, their main activity was textile manufacturing. The Charrúas were nomadic peoples who built their artifacts from stones and bones and who survived by fishing and hunting. The Caingúas were a sedentary group that occupied the Misiones territory in colonial times.

The most technologically advanced native tribes—the Querandíes, the Pulcheans, and the Araucanians—occupied the region of the pampas (present-day provinces of Buenos Aires, La Pampa, southern Córdoba, and southern Santa Fe). After the Diaguitas, the Araucanians were the most advanced people in pre-conquest Argentina. Originally confined to part of the province of Mendoza and to the area of the Río Neuquén, they advanced to the eastern plains after the destruction of the Querandíes and Pulcheans. Their weapons were the lance and the bola, and they traded with other tribes in cloth, hides, and ostrich plumes.

The region of Patagonia took its name from the peoples who inhabited the southern portion of the country before the arrival of the Spaniards. These were nomadic tribes that hunted wild guanacos and ostriches and whose industries were linked mainly to the preparation of pelts and the manufacture of stone artifacts such as knives, drills, and balls. After the initial Spanish attempts to penetrate Patagonia and the introduction of the horse, they improved their hunting techniques by riding on horseback and by immobilizing their prey with bolas. Farther south, the people of the Isla Grande de Tierra del Fuego, because of their isolation and proximity to the sea, were nomadic canoers who explored the coasts of the region.

Spain's Expanding Frontiers

The discovery of the New World was the culmination of a series of important developments in European history that were taking place in the late fifteenth and early sixteenth centuries. Voyagers and missionaries of the thirteenth and fourteenth centuries had already described the wealth and beauty

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of distant lands to the east. These travel accounts kept Europeans full of curiosity and, with the advent of new navigational technology, ready to expand the geographical limits of their known world.

In Spain the fall of the city of Granada in 1492 marked the end of almost eight centuries of Moorish occupation of the Iberian Peninsula and led to the release of large contingents of men previously engaged in the Wars of Reconquest. The combination of available manpower and technology led to an expansionist movement beyond Spain's European frontiers at a time when land and sea routes to the east had been cut after the fall of Byzantine Constantinople in 1453 to the Ottoman Empire.

The first achievement in this direction was the discovery of the Americas in 1492 by Genoese navigator Christopher Columbus (Cristoforo Colombo in Italian, Cristóbal Colón in Spanish). Columbus sailed west in search of the rich "Spice Islands," and his initial assumption that he had landed on the eastern shores of Asia led to the misnaming of the new islands as the Indies and its natives as Indians.

Early territorial disputes between Spain and Portugal over the new lands to the west yet to be discovered were settled through the arbitration of Pope Alexander VI. The papal bull *Inter Caetera* of 1493 granted Spain exclusive rights over all newly discovered lands 100 leagues (approximately 870 kilometers—see Glossary) to the west of the Cape Verde Islands not yet occupied by a Roman Catholic prince. But Portuguese claims led to further arbitration and the signing of the Treaty of Tordesillas in 1494 between Spain and Portugal, which moved the north-south line of demarcation to 370 leagues (approximately 2,350 kilometers) west of the Cape Verde Islands. According to the terms of the treaty, all lands east of the line were to belong to Portugal, west of it, to Spain.

Discovery and Occupation

Columbus' voyages generated a wave of scientific curiosity and adventure in the minds of Europeans, who saw the possibilities of wealth and prestige associated with the discoveries. Spain's main objectives were to find a new, shorter route to Asia and to stop the Portuguese, who, after the discovery of Brazil in 1500, began to explore the interior beyond the Tordesillas line of demarcation.

The communities founded after 1553 by Spaniards who

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had originally settled other areas of the New World became the main centers of Argentine life throughout the colonial period. Urban settlement of the Northwest was linked to the presence of sedentary Indian populations whose labor was used for the production of goods and the breeding of pack animals that supplied the rich silver mines of Upper Peru (present-day Bolivia). The settlement of coastal Argentina took several decades more because of the resistance of coastal elites in Panama and Peru—merchants, shippers, and financiers—who did not want competition from settlers in a region beyond their control.

The most important men associated with the exploration of the eastern shores of South America were Juan Díaz de Solís, who discovered the Mar Dulce (Sweet Sea), later known as the Río de la Plata, in 1516; Ferdinand Magellan, who reached the shores of Patagonia and the strait (later named after him) in 1521; and Sebastian Cabot, who in 1527-28 explored the Río Uruguay and the Río Paraná and upstream discovered the Río Paraguay and the Río Pilcomayo. Cabot also founded the fort of Sancti Spiritus, the first Spanish settlement in the Río de la Plata basin, at the site of the present-day city of Rosario. It was destroyed, however, by a surprise Indian attack in September 1529.

Cabot's frustrated attempt to establish a permanent settlement in the area was later repeated by Pedro de Mendoza. Mendoza was a Spanish nobleman whose mission was to assert Spain's military control of the area and to establish a base of operations for the conquest of the interior. He arrived at the Río de la Plata in February 1536, and after exploring the estuary he founded a settlement, Nuestra Señora de Santa María del Buen Aire (later to become Buenos Aires), on a harbor protected by large sandbars and a small stream. But the presence of hostile tribes and the lack of sedentary Indian populations to provide labor thwarted Mendoza's initial plans. Still lured by potential mineral wealth in the interior, scouting parties went up the Río Paraná and contacted the only agricultural people in the area—the Guaranís. In 1537 most of Mendoza's expedition went up the Río Paraná and the Río Paraguay to settle Asunción (in present-day Paraguay), and four years later Buenos Aires was left deserted. By the late sixteenth century Asunción was a well-established colony from which expeditions went downstream to found new settlements, such as Santa Fe (1573) and Buenos Aires (1580) by Juan de Garay and Concepción del Bermejo (1585) and Corrientes (1588) by Juan Torres de Vera y Aragón.

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Using old Inca routes, another wave of Spaniards arrived from Peru, Upper Peru, and Chile. They established the first Spanish towns in the Northwest: Santiago del Estero (1553) by Francisco de Aguirre; Catamarca (1559) by Juan Pérez de Zorita; Mendoza, founded in 1561 by Pedro del Castillo and resettled in 1562 by Juan de Jufré; Tucumán (1565) by Diego de Villaroel; Córdoba (1573) by Jerónimo Luis de Cabrera; Salta (1582) by Hernando de Lerma; La Rioja (1592) by Juan Ramírez de Velazco; Jujuy (1593) by Francisco de Arganaraz; and San Luis (1594) by Luis Jufré.

The discovery of the Falkland/Malvinas Islands and their dependencies, a group of about 200 islands in the South Atlantic located some 480 kilometers east of the Strait of Magellan, also dated from the early colonial period. Under the auspices of either the Spanish or the British crown, several navigators sighted the islands: Amerigo Vespucci in 1502; Esteban Gómez in 1520 (the islands appeared on Spanish maps for the first time in 1522, following this voyage); Sarmiento de Gamboa, who laid claim to the Strait of Magellan and adjacent islands and founded a settlement there in 1580; Thomas Cavendish in 1592; John Davis in the same year; Richard Hawkins in 1594; Dutch sailor Sebald de Weert in 1600; and Antonio de la Roché, who headed another British expedition in 1675. The first actual landing on the islands was headed by Captain John Strong in 1690. He named the islands after Viscount Falkland, treasurer of the British navy. The Spanish name for the islands—*Islas Malvinas*—was derived from the designation given them by French seal hunters, *Isles Malouines*, named after the French port of St. Malo.

Colonial Administration

The early centers of Spanish colonial administration were Mexico City in the Viceroyalty of New Spain (established in 1535) and Lima in the Viceroyalty of Peru (established in 1542), of which present-day Argentina was a remote and neglected dependency. Colonial administration in the New World was carried out through two major institutions in Spain: the House of Trade, a clearinghouse for all goods and trade to the Indies, and the Council of the Indies, where all judicial, political, and military affairs of the colonies were decided. The first concern of the Spanish crown was to secure the exploitation and shipment of mineral wealth to Spain. Each year a fleet brought European goods to Panama and Lima and left with a

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cargo of bullion for Seville by way of the Caribbean. The idea of an Atlantic outlet to Europe was rejected because of the dangers of a long and difficult transshipment of bullion and goods through the deserted interior and the threats of foreign interlopers in the South Atlantic.

The Roman Catholic Church was an important element in the social fabric of colonial society, and it was responsible for evangelizing the Indians. Priests and friars had accompanied the early conquistadores in the exploration and colonization of the New World, and the religious orders of Franciscans, Dominicans, and Jesuits established themselves as missionaries in the most remote areas of Spanish America. In colonial times the local church was the major social center, a place where all classes met for religious celebrations. The church was also the main educational institution, and it founded schools and universities, trained young men for lay and/or religious careers, encouraged the arts, and provided a number of social services to the sick and the poor. Aside from its apostolate, the church performed economic functions using funds bequeathed by the faithful; it served as an investment/lending institution whose investment capital derived from the exploitation of large urban and rural estates. In a subtle way, the church also exercised control over the Indian labor force that it befriended through the process of evangelization.

The Spanish conquistadores were men who came to the New World with high expectations of wealth and prestige and who had no desire to perform manual tasks, which they considered beneath their standing. The availability of a native labor supply was an important element for the establishment, permanence, and successful exploitation of any settlement. Crown and church, however, prohibited the enslavement of native populations.

Spanish colonization in Argentina followed the traditional pattern of establishing urban settlements in areas that offered conditions for defense, had mineral wealth and a water supply, and had an exploitable labor force. Once the site had been chosen, a settlement was founded in the name of the king. The settlers appointed representatives to the *cabildo* (town council), which had political and social functions in the administration of the town.

To counteract these policies, an old Spanish feudal institution of Roman origin was introduced to the New World—the *encomienda* (literally, in trust). It established a series of rights and obligations between the *encomendero* (grantee) and the

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Indians under his care. The Indians were required to pay tribute and provide free labor to the *encomendero*, whereas he was responsible for their welfare, their assimilation into Spanish culture, and their Christianization. The *encomiendas* came under attack in the first half of the sixteenth century as sources of abuse against the Indians. One of the most important voices for the Indian cause was Bartolomé de las Casas, a Spanish priest who became known as the "Protector of the Indians." He based his plea on the ideas of Saint Thomas Aquinas concerning the dignity of man. Las Casas influenced the Spanish crown to promulgate the New Laws in 1542-43, which encouraged humane treatment of the Indians, regulated tributes, prohibited the inheritance of labor grants, and outlawed the holding of *encomiendas* by religious and civil officials. Nevertheless, disease and overwork decimated the Indian population all over the New World, and the remainder was absorbed into the lower class. The *encomienda* system was finally abolished in the early eighteenth century.

Socioeconomic Structures

The towns that emerged in the Argentine Northwest were the result of favorable local conditions, and they became important economic centers in the colonial period. Although small, this frontier society was set up along clearly defined social lines, where discrimination against mestizos, blacks, and Indians regulated even the clothes they wore. The upper class was initially formed by the early settlers and their descendants, who prided themselves on their Iberian origins. Later on, offspring of conquistadores and Indians also shared in the power structure of wealth and position. This mestizo criollo upper class came to dominate all aspects of frontier colonial life. Its members held the land and controlled the labor force, commerce, and the civil and religious administration of the towns. The rest of the population was a mix of both racial gradations and levels of income. By the late sixteenth century, black slaves and freemen started to move to the interior from the coastal areas, and they joined the labor force in various capacities. At the bottom of the social scale were the Indians from the nearby villages who tilled the soil or were assigned other specific chores. Their numbers declined steadily through the colonial period as a result of harsh work conditions, a high death rate, and assimilation into Spanish society. The interior towns evolved into centers of royal administration and commerce

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that were staffed by bishops, governors, merchants, and military and civilian personnel from Spain.

The colonization of the Río de la Plata basin in the late sixteenth century was different from that of the interior. The main objective was to establish trade on the Atlantic coast and supply Asunción with goods. The region was inhospitable, having wild herds of horses and cattle, no local labor pool, and few prospects for agricultural exploitation.

Its separation from the main colonial centers in the Northwest left Asunción in almost complete isolation for many years, and intermarriage with local Guaraní Indians produced a large mestizo population. Garay's expedition founded Santa Fe and resettled Buenos Aires with a contingent of mestizos who formed a criollo upper class in a society less stratified than that in the interior. The lack of large Indian communities made the *encomienda* impractical in the Río de la Plata basin.

Because the shortage of labor prevented the development of manufacturing, the most viable economic activity in the area was cattle raising. Merchant interests in Panama and Lima persuaded the crown to create the Córdoba customhouse in 1618 and, four years later, to prohibit Argentine trade with Brazil. Despite the imposed restrictions, trade flourished in the region. In 1676 the crown moved the Córdoba customhouse farther north to Salta and Jujuy, in recognition of Buenos Aires' control of the Argentine interior markets.

In 1680 the Portuguese founded Colônia do Sacramento across the Río de la Plata from Buenos Aires, and it soon became a source of border frictions. It was occupied by Spanish troops on several occasions and was restored to Portuguese hands in a series of peace efforts: by the Treaty of Utrecht in 1713, which ended the War of the Spanish Succession and recognized Philip V as king of Spain, and by the Treaty of Paris between England and France in 1763, at the end of the Seven Years' War. Despite all prior institutional arrangements, the question was settled only by the Treaty of Santo Idelfonso between Spain and Portugal, signed on October 1, 1777. According to the terms of the treaty, the Colônia do Sacramento and the missions east of the Río Uruguay were to be transferred to Spain, whereas Portugal kept the areas of Santa Catarina, Guaira, Mato Grosso, and both banks of the Río Jacuy and Río Grande.

In the eighteenth century economic opportunities in the area attracted foreigners who joined the urban labor force as craftsmen, whereas Negro slaves were brought from Brazil as

servants and laborers in small industries. In the mid-eighteenth century, outdated mining techniques provoked the decline of Peruvian silver production. At the same time, the annual fleet system was abolished, destroying the mercantile monopoly of the Panama and Lima interests. Unaffected by the economic decline in the mining regions, the area of the Río de la Plata continued to thrive and finally attracted Spain's attention. To establish effective control over the region, in 1776 the crown created a new administrative unit in Spanish America—the Viceroyalty of the Río de la Plata—with its seat in Buenos Aires.

The Viceroyalty of the Río de la Plata

The creation of the Viceroyalty of the Río de la Plata rested largely on Spain's desire to assert political authority in the South Atlantic, where Buenos Aires had become an important center of contraband trade, thus effectively bypassing the economic domination of Lima. Spain feared a continuous British advance in the area after the Treaty of Paris, which had already destroyed French colonial influence in the New World. Its fears were also directed toward the Portuguese at Colônia do Sacramento and toward a possible British invasion of Patagonia. Concerns about the latter were heightened by two colonization attempts on the Falkland/Malvinas Islands—the French had established a colony at Port Louis in 1764, and the British had settled Port Egmont in 1766.

The Viceroyalty of the Río de la Plata was formally established on October 27, 1777, with the appointment of Juan José Vértiz y Calcedo as its first viceroy. By 1778 its territory included the areas of present-day Argentina, Uruguay, Paraguay, and part of Bolivia (see fig. 2). Institutional arrangements included the creation of a royal treasury in 1778, an intendance of the army and provincial subdivisions in 1782, an *audiencia*—a royal administrative council that combined executive, legislative, and judicial powers—in 1785, and a *consulado* (trade tribunal) in 1794. The *consulado* was given extensive powers to protect and develop commerce, increase agricultural production through technical innovations, stimulate trade, improve commercial and technical education, build roads and improve harbors, plan settlements, and even take care of the cleaning and lighting of the streets of Buenos Aires.

This period was characterized by the rise of Buenos Aires as the major port and marketplace for a large area that also

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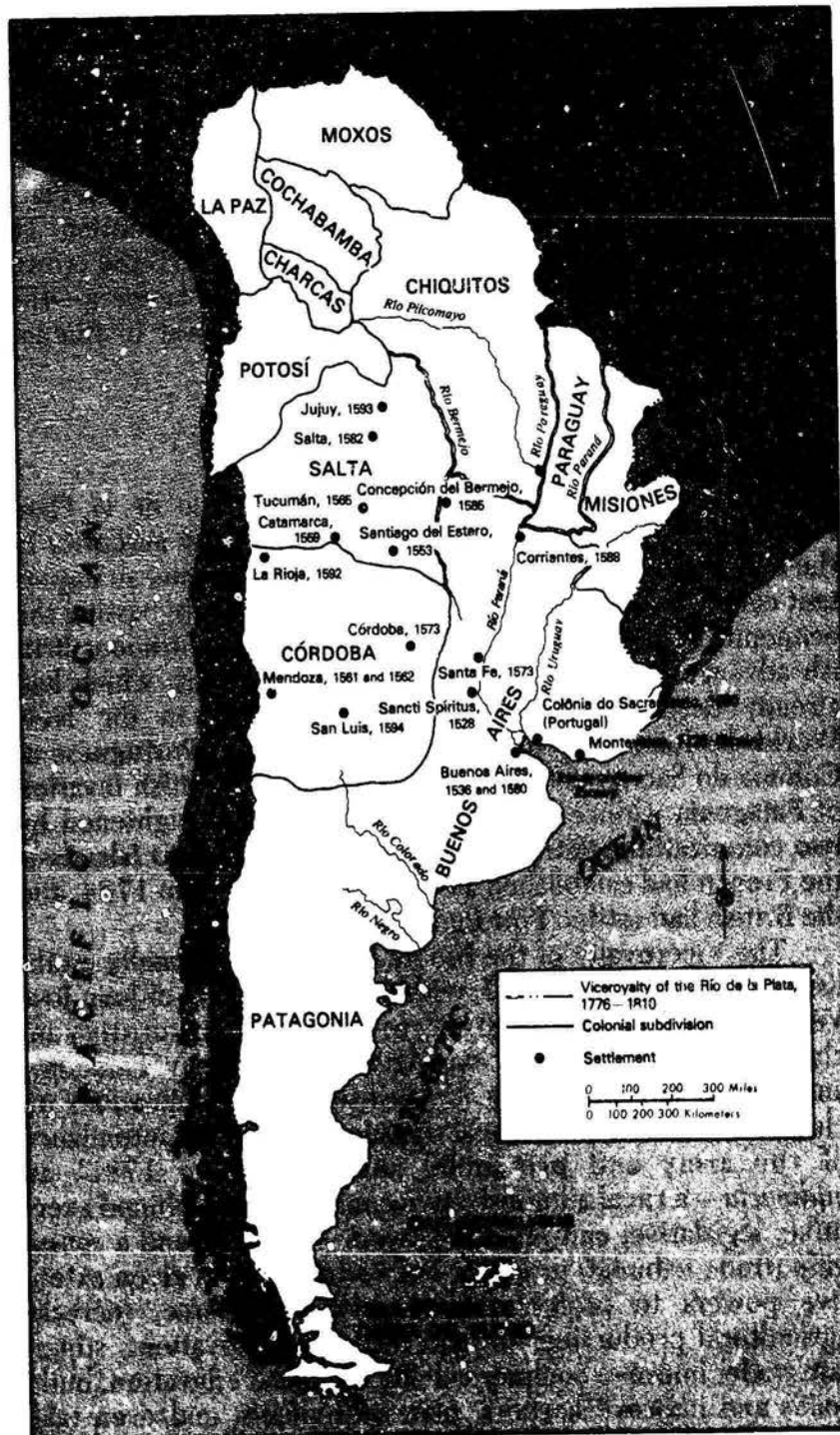


Figure 2. Early Colonial Settlements and the Viceroyalty of the Río de la Plata

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encompassed the mining areas of Upper Peru. The end of 200 years of economic isolation unleashed *peninsular* (Spanish-born white) mercantile interests in Buenos Aires that were now allowed to trade directly with Spanish ports around the world. The combination of the loose hold of colonial institutions and the mixed racial character of the Argentine criollo upper class led to the development of a unique and relatively egalitarian society in Buenos Aires. The Buenos Aires merchant community depended on the expansion and maintenance of trade, whereas the interior towns were self-sufficient. Conflicts of interest also existed between the *peninsulares* and criollo merchants within Buenos Aires. The former group was protected against criollo competition that would result from free trade, while the latter longed to break away from the *peninsular* trade monopoly and participate in commerce with all nations.

The establishment in 1776 of viceregal authority on the Atlantic coast was part of a broader plan of reforms adopted by the Bourbon kings of Spain. The eighteenth-century reforms promoted the growth of colonial intellectual life, an increase in economic activity, and greater awareness of regional potential. Even before the advent of viceregal rule, the pastoral economy had already developed its main features. The *estancias* (cattle ranches) employed gauchos as salaried workers; they maintained a great degree of independence from their employers, owing mostly to their skills in dealing with the herds and the Indians. The cattle industry gained momentum with the opening of trade, which encouraged more intensive cattle raising and, in the early nineteenth century, led to the development of *saladeros* (salted meat plants) geared toward an export market based on a rational division of labor and wage workers. This combination of factors eventually prompted a more critical assessment of Spain's institutional role as an obstacle to the region's social and economic development. Increasing discontent and the example of revolutionary movements in France, Haiti, and the United States finally led to the breakdown of Spanish colonial rule in the New World.

The Dawn of Independence

The revolutionary movement in the Río de la Plata basin began during the age of the viceroys through a gradual transformation of colonial society in response to political turmoil in Europe and its repercussions in the Americas. In 1776 the

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British were deprived of their major colonial market in North America, and they shifted their commercial interest to Spanish America. The period until the turn of the new century witnessed a series of British attempts to promote the emancipation of Spanish America and the acquisition of new commercial markets. Spain's neutrality during the Napoleonic Wars (1804-15) in Europe was disrupted by a British seizure of Spanish ships en route from the New World in 1804. The incident led to a formal alliance between France and Spain and their naval defeat in the Battle of Trafalgar in 1805. The destruction of the Spanish fleet left the colonial empire unprotected.

In 1806 and 1807 the British twice invaded Buenos Aires, which brought about important political and commercial consequences for the Río de la Plata basin. The invasions stimulated thoughts of freedom and emancipation from Spain among Argentina's criollo society while giving it an opportunity to test its capacity for organizing a military defense and a provisional government. Once the British attempts were successfully repelled, the *cabildo abierto* (open town council) of Buenos Aires sent an emissary to inform the crown of the criollo victory. Revolutionary propaganda calling for negotiations for independence under a British or Portuguese protectorate quickly gained momentum.

Napoleon Bonaparte invaded the Iberian Peninsula in 1808. When the news reached Buenos Aires, considerable turmoil arose over the question of who would rule the colony in the absence of a legitimate king. In 1809 criollo rebels from Buenos Aires began to meet secretly in order to organize an uprising against Spanish authority in the viceroyalty. Finally, on May 20, 1810, they presented Viceroy Baltasar Hidalgo de Cisneros with an ultimatum for his resignation and for the convocation of a *cabildo abierto*, which met two days later.

The 246 persons present at the *cabildo abierto* of Buenos Aires personified the victory of the liberal ideas of eighteenth-century European economists, philosophers, and encyclopedists. Their writings had inspired criollo intellectuals such as Mariano Moreno, Bernardino Rivadavia, and Manuel Belgrano in their search for a new social and economic order. On May 25 the *cabildo abierto*—despite resistance from some regular *cabildo* members—deposed the viceroy and appointed the Provisional Revolutionary Junta to govern and ensure independence throughout the area.

The revolutionaries intended to compel all local *cabildos* to depose royal officials and take over local administration

until a central government could be established. However, conservative oligarchies in Buenos Aires and the interior opposed such measures and sought only the establishment of a provisional government until royal authority was restored in Spain. As members of the upper classes of wealthy merchants, landowners, and the high clergy, they had vested interests in the viceroyalty. They had no intention of jeopardizing their privileged position and thus refused to accept the broader aims of the junta. Spontaneous rebellions against the junta broke out in the interior, as well as in Montevideo (in present-day Uruguay) and Asunción, which led *porteño* revolutionaries to organize unsuccessful liberating expeditions to those areas.

Independence and First Attempts at National Consolidation, 1810-29

The Revolution of 1810

The political organization of Argentina was a long process that started with Argentina's assertion of autonomy on May 25, 1810, commonly referred to as the May Revolution (see *The Armed Forces' Origins*, ch. 5). A political declaration of independence was not formalized until 1816, and a constitution was promulgated in 1853. Despite nominal loyalty to the captive Spanish king Ferdinand VII in 1810, the governing junta—whose most influential members were Cornelio Saavedra, Moreno, and Belgrano—began to address the most important questions posed in the viceroyalty: the protection of the Indians; the ascension of criollos to government positions; and the promotion of government services, agriculture, industry, and trade.

The revolution of 1810 generated an increase in political and economic regionalism. These were conflicts of interest between revolutionary nationalists and royalists, criollos and *peninsulares*, and Unitarians (Unitarios—mostly *porteño* centralists who advocated a strong central government) and Federalists (Federales—provincial autonomists who supported a loose confederation). They occurred even among junta members and led to its reorganization on August 12, 1810, along more conservative lines. A *porteño* movement unfurled the banner of independence throughout the Río de la Plata basin, and its Plan of Operations was a political project for independence under its control. But the hegemonic plans of Buenos Aires and its liberating expeditions were frustrated by strong

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resistance built along the lines of geographical isolation and regional pride. On June 20, 1811, the revolutionaries were defeated at Huaqui (in present-day Bolivia) and lost the entire area of Upper Peru; the liberating column from Buenos Aires was repelled by Paraguayan forces, which were seasoned by the numerous battles for autonomy during the colonial period. On June 9, 1811, an independent junta had been created under the leadership of José Gaspar de Francia, who declared Paraguay independent from both *porteño* and Spanish control. The territorial losses of Upper Peru and Paraguay prompted the fall of the junta and the appointment of the first Triumvirate on September 23, 1811, composed of Feliciano Chiclana, Manuel de Sarratea, and Juan J. Paso.

Under the influence of Rivadavia, the Triumvirate instituted important changes through the creation of a commission of justice to deal with vagrants and delinquents and the establishment of a national library and schools. The Triumvirate commissioned Julián Perdriel to write a history of the revolution. It also announced the emancipation of slaves and decreed the freedom of the press. The Triumvirate soon lost the support of the people, however. At the Literary Society of Buenos Aires, patriots began to organize in opposition to the Triumvirate for its having failed to convoke a congress and having neglected the liberating expedition of Belgrano to the north. After Belgrano's victory at Tucumán on September 24, 1812, the government lost all of its prestige, and on October 8 another revolutionary phase began.

The Revolutionary Assembly of 1813

The new revolutionary movement was led by José de San Martín and Carlos M. de Alvear. Both were born in what would later become Argentina and began military careers in Spain. When Napoleon's army invaded the Iberian Peninsula, both fought against the French. News about the revolution led them to return in March 1812 to fight for the liberation of their native land.

On October 8, 1812, San Martín and Alvear, leading the revolutionary troops, gained the resignation of the Triumvirate in favor of new triumvirs—Juan J. Paso, Nicolás Rodríguez Peña, and Antonio Álvarez Jonte—and called for a general congress of provincial representatives to be elected by universal suffrage. Although this was not planned to be a constituent assembly, a constitution for the free and independent prov-

inces of the former viceroyalty, to be led by a centralist government, was commissioned.

The congress, known as the Revolutionary Assembly, met on January 31, 1813, and passed laws with provisions that almost amounted to a declaration of independence: abolition of vassalage to the king (even the Catholic church was instructed to pray for the people rather than the king); removal of all Europeans from government positions; issuing of a national currency; freedom of commerce; a United Provinces coat of arms to replace that of the king; manumission for the children of slaves; and an end to Indian labor obligations, titles of nobility, rights of promogeniture, and the physical punishment of prisoners. Other laws encouraged freedom of the press, a reorganization of the system of education, and the establishment of schools.

The assembly approved a reorganization of executive power under the leadership of one man—the director of the United Provinces—and appointed Gervasio A. Posadas the first director on January 31, 1814. Posadas' main concern centered on the Banda Oriental (present-day Uruguay), where Montevideo—still under royalist control—had been surrounded by the revolutionary army under the command of José Gervasio Artigas. In mid-1813 the assembly had refused to allow the participation of delegates from the Banda Oriental, which prompted Artigas to abandon his position at Montevideo in order to incite rebellion against the Posadas government in Entre Ríos, Corrientes, and elsewhere in the Banda Oriental. Posadas was forced to resign in January 1815 and was replaced by Alvear, whose tenure in office lasted only three months because of Artigas' advance on Buenos Aires and growing discontent in the city and in the interior. The fall of Alvear on April 15, 1815, brought about the dissolution of the Revolutionary Assembly.

The United Provinces of South America

Political and administrative changes occurred in the former viceroyalty after 1810. Buenos Aires was soon left with only three of the eight jurisdictions of the former Viceroyalty of the Río de la Plata—Buenos Aires, Salta, and Córdoba. In 1813 a further subdivision of Córdoba created the jurisdiction of Cuyo (present-day provinces of Mendoza, San Juan, and San Luis); the next year Entre Ríos and Corrientes separated from Buenos Aires to form individual provinces, while Salta was

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divided into Salta and Tucumán (present-day provinces of Tucumán, Santiago del Estero, and Catamarca). In that same year the Banda Oriental was also given separate provincial status.

Soon after the dissolution of the Revolutionary Assembly, the *cabildo* Buenos Aires assumed the reins of government and created the Junta of Observation, whose most important duty was to convoke a general congress, which met at Tucumán on March 24, 1816, and remained in session until 1820. To assert political authority against national dissolution and anarchy, the provincial representatives appointed Juan Martín de Pueyrredón to lead the United Provinces on May 3. San Martín and Belgrano were important participants in the congress, where they lobbied for a declaration of independence, which was finally achieved on July 9, 1816. The congress of Tucumán formalized the process of national consolidation that had begun in 1810 when it unanimously declared the independence of the United Provinces of South America in 1816.

After his designation as supreme director, Pueyrredón accepted San Martín's invitation to a meeting in Córdoba to discuss his continental plan of liberation. In 1814 San Martín had been appointed governor of Cuyo and since then had been preparing a revolutionary army to defend the region against royalist forces from Chile. Chilean patriots under the command of Bernardo O'Higgins were defeated by royalist forces at the Battle of Rancagua in late 1814 and then crossed the Andes mountains to Mendoza in hopes of assistance from San Martín. San Martín's Army of the Andes was soon to play a vital role in the independence of the Spanish colonies throughout South America (see San Martín's Legacy, ch. 5).

During Pueyrredón's rule (1816-19) the United Provinces enjoyed political stability even though international recognition was delayed. A constituent assembly was appointed in 1817 that passed a conservative constitution in April 1819 providing for centralized control under the authority of Buenos Aires. The new constitution disregarded the strength of the local adherents of Federalism and provincial autonomy, who soon forced the collapse of central authority and the resignation of Pueyrredón. The 1819 constitution deepened the conflicts between Buenos Aires and the provinces and led to a period of anarchy in 1820. Since 1810, however, a common bond had developed among the provinces over achieving both independence from Spain and some sort of national organiza-

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tion, while their rivalries were the result of diverse regional views of a national project for political consolidation.

After a year of internal conflicts, the election of Martín Rodríguez to the governorship of Buenos Aires signaled the beginning of a period of provincial reorganization that was to become an example to the other provinces. A series of reforms were implemented under Rivadavia's influence that touched all aspects of provincial life. Among the most significant provisions were the creation of a junta of representatives elected on the basis of universal male suffrage and direct elections, the passing of a "law of amnesty" for all political dissidents, the signing of a treaty of cooperation among the provinces of Buenos Aires, Entre Ríos, Corrientes, and Santa Fe under the principles of national unity and provincial autonomy, and the abolition of the *cabildo*, which was incompatible with the existence of a congress of representatives.

Economic reforms were also implemented through a loan for harbor improvements, the establishment of a municipal water supply, and the settlement of communities on the southern coast and in Patagonia; the creation of a bank; and the organization of a military pension system. Despite opposition among Catholics, the church was reorganized, and its *fuero* (privileges, particularly to be judged by one's peers) and tithes were abolished. Additional new regulations prohibited people under the age of 25 from taking religious vows and limited the size of religious communities. Another accomplishment of the administration was the creation of the University of Buenos Aires on August 12, 1821, and the reorganization of primary education. By the end of Rodríguez' governorship, a constituent congress had been convoked. On April 2, 1824, Rodríguez was succeeded by Juan Gregorio de las Heras.

Unitarians and Federalists

The constituent congress met in Buenos Aires on December 16, 1824, and was vested with both legislative and constituent powers. Two factions emerged at the congress: the Unitarians, who advocated a strong central government under the control of Buenos Aires, and the Federalists, who defended provincial autonomy within a loose federation. The following month it passed a "fundamental law" that provided for provincial autonomy until a national constitution was adopted. On February 25, 1825, a treaty of commerce and friendship was signed between the provinces and Britain, and at the end of the

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year war broke out between Brazil and Argentina over the Banda Oriental.

The Cisplatine War grew out of colonial boundary disputes between Portugal and Spain, which in the late seventeenth century had led to the establishment of the Colônia do Sacramento. In 1820 Artigas was defeated by the Portuguese, and the following year Portugal annexed the Banda Oriental under the designation of Cisplatine Province. In 1822 Brazil became an independent monarchy but did not relinquish its claim to the area. Resistance against Brazilian pretensions and the acceptance of the Banda Oriental to the Buenos Aires constituent assembly of 1824 prompted Brazil to declare war on Argentina on December 1, 1825. The threat of a foreign power served to unite Argentine governors and provincial caudillos, whose aid led to a victorious campaign. However, a peace agreement was signed between Brazil and those who opposed Rivadavia, which led to the effective loss of the Banda Oriental.

Meanwhile, at the constituent congress in Buenos Aires, a project for the creation of a national executive power was approved on February 6, 1826, and the congress elected Rivadavia first president of the United Provinces of South America. Rivadavia then moved to propose the federalization of the city of Buenos Aires as the capital of the United Provinces. Support for Rivadavia came from the Unitarians, who defended administrative and political centralism, while *porteño* and provincial Federalists rejected the loss of their provincial autonomy. On July 19, 1826, a Unitarian constitution was approved, but rebellion then broke out in the provinces, and Rivadavia lost political support for his government. After Rivadavia's fall in 1827, a conservative provisional government was established in Buenos Aires, which negotiated a peace treaty with Brazil on September 5, 1828, for the independence of the Banda Oriental (see *The War with Brazil and the Creation of Uruguay*, ch. 5).

Gauchos and Caudillos

Colonial life in the pampas south and west of Buenos Aires developed under conditions of isolation and hardship. At the end of the colonial period, the grassland frontiers were inhabited by Indians and gauchos—mestizo offspring of Spaniards and Indian women—who asserted their freedom from all formal institutional arrangements, being indifferent to the gov-

ernment and the church. Illiterate and unexposed to the rudimentary civilized mores of the early colonial towns, gauchos became identified with savagery, courage, and independence, with a clear disposition to rebel against any attempts at political control by Buenos Aires.

A folkloric view of the gaucho permeated the writings of travelers in the colonial period. They depicted the pampas frontiersmen as indolent and extremely fond of singing and dancing, although in fact they were skillful on horseback and expert in the use of gun, knife, lasso, and bola. Gauchos survived on a diet of raw meat and water and lived in miserable mud huts covered with hides, owning almost no furniture but for some skulls of horses for stools. While the men hunted, the women prepared meals, sheared sheep, milked cows, made cheese, and wove coarse wool into ponchos. The nomadism of the gaucho had several implications; it prevented any kind of settled work, and it made sedentary concepts of land, property, or family alien to the gaucho.

During the wars of independence, gauchos were recruited into the cavalry of the revolutionary armies. After 1810 life in the pampas became even more difficult for them because of the spread of *estancias* owned by *hacendados* (large landowners): the land and the wild herds were appropriated, hunting and slaughter were regulated, trade in hides and tallow was controlled, and the life-style of the gaucho was disrupted. This conflict between *hacendados* and gauchos revived during times of war, when gauchos raided the *estancias* for cattle, although the *hacendado* reaffirmed his property rights once order was reestablished. Eventually, the gauchos were recruited to work on the *estancias*. There were advantages in this patron-client relationship since both groups struggled to defend the cattle from Indian raids. The *hacendado* sought a loyal and skillful labor force, whereas the gauchos traded their freedom for a salary, a house, food, and clothing. These alliances extended beyond the limits of individual patron-client arrangements and into the larger social pyramid where *hacendados* became clients of a more powerful landowner—the caudillo.

Caudillos fought in the civil wars in Argentina during the decades after independence, joining in the struggle for self-determination as an opportunity for adventure and an outlet for excess energy. They became agents against urban interests, and every province produced its own band of gauchos under the leadership of a famous caudillo. Names such as Artigas (from the Banda Oriental), Juan Facundo Quiroga (from La

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Rioja), and Juan Manuel de Rosas (from Buenos Aires Province) are historically identified with the power of caudillos in the area of the Rio de la Plata. The political turmoil of the 1820s was rooted in the struggle of caudillo interests for political autonomy and against the Unitarian tendency of the city of Buenos Aires.

The Dictatorship of Rosas, 1829-52

Juan Manuel de Rosas was born in Buenos Aires Province to a wealthy criollo family. At the age of 13 he participated in the reconquest of the city of Buenos Aires as part of the troops under the command of Santiago Liniers, a Frenchman by birth but a loyal servant of Spain. In 1807 Rosas took over the management of his parents' estates in the countryside but soon went into business and formed a company to exploit agricultural ventures. Rosas and his business partner established one of the first *saladeros* in Buenos Aires Province in 1815, but shortages of meat in the urban markets prompted the closing of all meat-salting enterprises. The expansion of the *estancia* economy after 1815 provoked clashes between the white settlers and the Indians of the pampas, and at about that time Rosas invested in landed properties around the area of the Río Salado. During the 1820s Rosas put together a well-mounted cavalry militia of his own gauchos—the Colorados del Monte—dressed in red, who joined the troops of the city of Buenos Aires to form the Fifth Militia Regiment. His gaucho power base intimidated the urban Buenos Aires upper class, which considered it symbolic of the victory of "barbarism" over "civilization". Military success generated political gains, and in 1829 Rosas was elected governor of the province of Buenos Aires. Together with neighboring caudillo governors, Rosas' ascension symbolized the victory of the caudillos and of the Federalist cause throughout the Río de la Plata basin.

On December 8, 1829, Rosas was inaugurated as governor of Buenos Aires with extraordinary powers and much political support from the conservative landed, mercantile, and religious elites, whose goals were peace and stability, law and order. These powerful interest groups wanted to restore the country to its old ways and opposed the instability that had marked the Unitarian administration of Rivadavia. Rosas inherited a province recently ravaged by war and plagued by factionalism at a time when production and exports were declin-

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ing and the treasury was depleted in a situation aggravated by a severe three-year drought. Despite the odds, Rosas was able to forge a compromise, recognizing provincial autonomy and, in 1831, establishing a basis for national unity through the Federal Pact concluded between the provinces of Buenos Aires, Entre Ríos, Santa Fe, and Corrientes.

Rosas' first term was a period of restoration. He strengthened the army, protected the church, established government financial credit, protected agrarian interests, and promoted pastoral industry—all at the expense of education and freedom of expression. As part of the landowning class, he fully understood its needs for more land and greater security. Pressure for new grazing areas pushed ranchers into Indian territory, and government action was necessary to occupy and protect the new settlements. Military action was postponed until 1833, when Rosas personally led the troops against the Indians in the Desert Campaign. (The pampas were widely known as the desert at that time.) Rosas' victorious campaign led to his being awarded the title of "Conqueror of the Desert," giving him an even broader power base among ranchers, the military, and the pacified Indians, upon whom he would later draw political support for a return to power.

At the end of his term in December 1832, Rosas relinquished his extraordinary powers and was succeeded by Juan Ramón Balcarce. Less than a year later, Balcarce was forced out of office following a *rosista* (follower of Rosas) rebellion led by the Popular Restoration Society and its paramilitary squad, the *Mazorca*, which had been organized about the time Rosas left the government. To succeed Balcarce, Congress appointed Juan José Viamonte provisional governor, a post he held until June 1834. Rosas' departure had left a power vacuum that was manipulated by the *rosistas* to bring the caudillo back to power on the record of his first administration.

During Rosas' absence, the concepts of territorial expansion and national unity suffered a severe blow beyond the continental boundaries of the Río de la Plata basin. Historical disputes remained unresolved in the Falkland/Malvinas Islands, and the situation worsened when Captain J.J. Onslow of H.M.S. *Clio* occupied and reasserted British sovereignty over the islands in late 1832 and early 1833. Despite protests from the government in Buenos Aires, the British continued to occupy the islands with only a small settlement and naval detachment. At the onset of his second administration, Rosas echoed the protests against a violation of national territorial integrity.

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Although he considered the British occupation to be of minor importance, he recognized the potential of using it in bargaining with the British on more important matters.

On March 7, 1835, Congress appointed Rosas once again to the governorship of Buenos Aires with unlimited powers to defend the Federalist cause and with a mandate to remain in office for as long as he considered necessary. Rosas conditioned his acceptance on his receipt of popular confirmation. A plebiscite was held in the city of Buenos Aires in March, and the results fully vested the caudillo with dictatorial powers. On April 13, 1835, in a climate of adulation and submission to the new ruler, Rosas took the oath of office and pledged to bring punishment and death to the enemies of the regime. Buenos Aires was decked in the red of the Federalist militia, and portraits of Rosas were paraded through the streets. The formal preparation of every demonstration of support was an early indication of Rosas' style of government. Support for his policies was not enough; he sought public and absolute backing from all citizens and institutions throughout the country, including the elites, the military, the church, the bureaucracy, the courts, and Congress. Opposition to his regime was not tolerated, and a climate of terror and suspicion permeated the country.

Rosas' rule was blended with mock constitutionalism, legitimized by a puppet Congress that voted him back into office at the end of every "presidential term". A spoils system was instituted to provide rewards for Rosas' followers; his opposition, which often sought refuge in nearby Chile and the Banda Oriental, was systematically punished. Relations with the provinces were kept informal. Although there was no written constitution, the provinces were subjected to policies that reflected the interests of Buenos Aires.

Rosas' personal dictatorship was conducted from his residence, the Palace of Palermo, and from Santos Lugares del Morón, the military headquarters of his regime. Propaganda was the most important ingredient of *rosismo* (Rosas' tenets of rule) and provided the slogans that effectively terrorized the population. The use of *rosista* slogans was considered a sign of loyalty to the regime, as was the public display of a red badge on the left side of the chest bearing the motto "Federation or Death." Uniformity in dress, appearance (men had to wear mustaches and sideburns), and public displays of loyalty were all part of the state-sponsored program of coercion and terror-

ism. Political propaganda was disseminated by the *rosista* press of Buenos Aires.

A Catholic by tradition, Rosas protected the institution of the church and ended the liberalism and anticlericalism of the Rivadavia era. In 1836, almost 70 years after their expulsion, the Jesuits were allowed to recover their Argentine churches and schools, but after 1840 they joined the opposition. In 1843 they were again expelled from Buenos Aires, and by 1852 there was not a single Jesuit left in the country. The Jesuit opposition to Rosas was not shared by the regular church hierarchy: the pulpit was used for dictatorial propaganda, and Rosas' portrait was displayed as an icon at church services with full approval by the Catholic hierarchy. As part of his mass support, the lower clergy of uneducated, untrained, and undisciplined criollos preached loyalty and obedience to Rosas as the restorer of the law.

Rosas' military power base was built during his years as commander of the Colorados del Monte. He earned a reputation and the praise of rural militiamen during the Desert Campaign, and he remained faithful to his *estanciero* background and its traditional patron-client relationships. He advocated the army's use of guerrilla warfare, which, because of its characteristic elements of surprise attacks, disbanding, and regrouping of forces, was most effective in the countryside. Rosas' army was composed largely of regular, noncommissioned officers and conscripts, whereas the higher-ranking officers were veterans of the wars of independence. It was not a popular army because military service was perceived as a form of imprisonment for the reluctant conscripts led by professional soldiers. Rosas' absolute powers rested heavily on his use of the military and the bureaucracy as agents of coercion and terror.

However fragmented and lacking in coordination, opposition to Rosas' regime was widespread after 1829. Montevideo became a haven for political exiles, who organized the opposition within Argentina through a few representative nuclei, such as the Association of the Young Argentine Generation, headed by Esteban Echeverría, Juan María Gutiérrez, Juan Bautista Alberdi, Vicente Fidel López, Miguel Cane, and Marcos Sastre. It began as a literary society but branched out to become a political group, called the May Association, committed to the organization of society and the creation of a free government according to the ideals of the May Revolution of 1810. The young intellectuals found their inspiration in

French political thought of the time. Most of them worked in exile in Santiago or Montevideo, and only two of these outstanding young men, Bartolomé Mitre and Domingo Faustino Sarmiento, were to become soldiers. Both would be instrumental in the overthrow of Rosas and the process of national consolidation that followed the end of the dictatorship.

A series of challenges to the regime began in 1838. French economic interests in the Río de la Plata basin had been curtailed by Rosas' hegemonic pretensions in the area. A French naval blockade of Buenos Aires in March 1838, however, was followed by an alliance between France and Uruguay against Rosas. The blockade was damaging to the economy, and it destabilized the regime and prompted even more autocratic rule, which Rosas blamed on the French. Between 1845 and 1847, Britain joined France to blockade again Buenos Aires harbor.

The opposition gained momentum after the governors of Corrientes, Berón de Astrada, issued a manifesto in February 1839 asking the other provincial governors to deprive Rosas of the power to negotiate with foreign nations. Uruguayan president Fructuoso Rivera and the Unitarian exiles in Montevideo offered their support to Astrada. Rosas' forces under Pascual Echagüe, governor of Entre Ríos, and Justo José de Urquiza invaded Corrientes and destroyed the opposition in March 1839. At about the same time, Carlos O'Gorman, an army lieutenant, organized a dissident movement in the south, and a conspiracy led by Ramón Maza and the May Association was discovered in Buenos Aires. The conspiracy's leaders were executed, but opposition forces gathered in Montevideo under Juan Lavalle, who attempted an invasion of Buenos Aires in 1840. Despite the invasion's failure, it encouraged other movements in the interior and the creation in Tucumán of the "Coalition of the North"—composed of the provincial governments of Tucumán, Salta, La Rioja, Catamarca, and Jujuy—led by Marco de Avellaneda. These attempts to overthrow Rosas reflected the ideals of independence that had remained unfulfilled after 1810, and they provoked Rosas to intensify the reign of terror in the country. Its end in 1842 did not completely halt the arbitrary and repressive tendencies of the regime, but the Mazorca was disbanded in 1846, and the number of executions dropped significantly toward the end of the dictatorship.

During the second half of Rosas' rule, a new potential leader surfaced. Urquiza was the best local military leader, a

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seasoned politician, and a wealthy *estanciero-saladerista* from Entre Ríos. Urquiza's opportunity came in 1851 when, after the end of the period of foreign interventions by Britain and France, he was able to secure the support of a coalition of provincial governments. To support the Uruguayan bid for independence, Brazil broke off relations with Rosas in 1850 and established alliances with Paraguay and the provinces of Entre Ríos and Corrientes. Brazil believed that to maintain peace and trade in the area it was necessary to protect the independence of Uruguay and Paraguay, which were threatened by Rosas, and for this purpose it joined Urquiza's forces when he declared himself against Rosas in May 1851. Rosas' interference in the affairs of his neighbors coalesced the forces that ended his nearly 20 years of conservative rule. In July 1850 Urquiza crossed into Uruguay and in 1851 ended the siege of Montevideo by an ally of Rosas that had begun in 1843. An army was gathered in Entre Ríos with troops from Brazil and Uruguay and émigrés from Buenos Aires and the provinces, which then advanced to Santa Fe. On February 3, 1852, Rosas was defeated at the Battle of Caseros, and a week later he left Buenos Aires for exile in Britain, where he died in 1877 (see *Anarchy Versus National Order*, ch.5).

National Consolidation and Europeanization, 1852-80

The 1853 Constitution and the Argentine Nation

After the fall of Rosas, Urquiza established his headquarters at Palermo and began to use the same control mechanisms as his predecessor: coercion, violence, and terror. The victory at Caseros did not bring about a substantial change in the political structure of the country. Initially, it appeared only that one caudillo had replaced another.

One of Urquiza's first acts was to appoint Vicente López y Planes provisional governor of Buenos Aires. A commission of governors from the provinces of Santa Fe, Entre Ríos, Corrientes, and Buenos Aires later designated Urquiza provisional director. He was committed to a process of national reorganization. In May 1852 he met with all provincial governors at San Nicolás de los Arroyos and drew up an agreement providing for the renewal of the Federal Pact of 1831 and the convocation of Congress. Mitre and other deputies from the Buenos Aires legislature rejected the agreement, thus prompting a rebellion under the leadership of Valentín Alsina. The main

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reason for Buenos Aires' adamant refusal to participate in the union was still related to the status of the port of Buenos Aires, the most important customhouse in the Río de la Plata basin. Loss of political control of the province would represent the loss of customs revenues.

In November 1852 congressional delegates from all the other provinces met in Santa Fe to begin work on a new constitution. The main documents studied during the debates were *The Federalist Papers* by James Madison, Alexander Hamilton, and John Jay and the *Bases and Points of Departure for the Political Organization of the Argentine Republic* by Juan Bautista Alberdi. Alberdi sought a reassessment of the concept of provincial autonomy, whose advocates had historically been polarized between those who favored either centralism or federalism. Alberdi's recommendations for a charter that integrated both sides of the provincial political debate were taken into account, and Congress adopted a constitution modeled upon his *Bases*. The Constitution was sanctioned on May 1 and proclaimed on May 25, 1853. As of 1985 the 1853 Constitution remained one of the most liberal national charters in the world. It established the government as representative, republican, and federal; Catholicism was declared the official religion of the country. The overthrow of Rosas and the promulgation of the Constitution also instituted free trade and foreign investments in the country and the development of a stable Argentine market for British manufactures, which were exchanged for inexpensive foodstuffs shipped to European consumers.

In accordance with the constitutional provisions of 1853, elections took place on November 20, 1853, and Urquiza became the first constitutional president of the Argentine Republic. He undertook the difficult task of reestablishing friendly international relations through a series of treaties with Britain, Chile, Brazil, Bolivia, Paraguay, Belgium, Prussia, Naples, and Sardinia. He also began to organize public instruction by providing subsidies to education at the provincial level, and he nationalized the University of Córdoba and the Academy of Montserrat. The administration also promoted immigration through the establishment of agricultural colonies in Santa Fe and Entre Ríos. Each family was given land, oxen, implements, seeds, and wood for a house. The first Swiss settlers arrived in 1856, and they founded the colonies of Esperanza and San José. In 1854 the problem of land transportation began to attract the government's attention in the form of a projected railroad between Rosario and Córdoba. In 1855 Argentina

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reached an agreement with Chile for the construction of a trans-Andean railroad, and other arrangements were made for the establishment of stagecoach lines. A central bank was established to negotiate a loan for the consolidation of the government's foreign debt.

While the rest of the nation was being organized according to the 1853 Constitution, Buenos Aires maintained its independent position and constituted itself as a separate state under a Unitarian political charter passed in April 1854. The Buenos Aires charter provided for a bicameral legislature, freedom of worship, and abolition of the slave trade. In the month following the adoption of the charter, the legislature designated Pastor Obligado Buenos Aires' first governor. Mitre and Alsina became the most important aides in the new Buenos Aires government. A number of schools were founded in the countryside, a provincial bank was established, water and gas plants were built, and towns were developed in the locations of old military fortresses: Fuerte Esperanza, San Martín, Santos Lugares del Morón, Las Flores, Lomas, Chivilcoy, and Bragado. Whereas Buenos Aires, a busy port that generated money for the state administration, thrived, the rest of the country languished.

To neutralize Buenos Aires' predominant position, it was necessary for Argentina to federalize the port city. Between 1852 and 1880 there was a climate of continuous struggle, when five short civil wars were fought over the province's incorporation into the federation. Despite the formal separation between the federalized provinces and the state of Buenos Aires, an agreement of cooperation for peace and commerce was signed in late 1854. At about the same time, the granting of "differential duties" to the port at Rosario, a protective measure that sought to compensate it for the loss of customs revenues from Buenos Aires, increased *porteño* opposition against joining the federation. In 1857 Alsina was elected governor of Buenos Aires, and old rivalries with Urquiza prompted an invasion of the state. The army of Buenos Aires under Mitre was routed at Cepeda, in the northern part of the state of Buenos Aires, and Urquiza proceeded to San José de Flores, where a pact was signed in November 1859 that provided for the incorporation of Buenos Aires into the union if some amendments were introduced into the 1853 Constitution. In October Buenos Aires had accepted the Constitution of the Argentin Republic and agreed to turn over most of its custom revenues to the nation after a period of five years (see fig. 3).

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Intervention in provincial life had been a trademark of Urquiza, who exercised the legal power to interfere in provincial affairs whenever the constitutional rights of the people were in danger. Santiago Derqui succeeded Urquiza as president in 1860 and followed his predecessor's policies of involvement in local disturbances in the province of Buenos Aires. In September 1861 opposing armies under Urquiza and the governor of Buenos Aires, Mitre, clashed again at Pavón. Mitre's losses were higher than Urquiza's, but Urquiza withdrew with his troops. Mitre proceeded to Rosario, whereas President Derqui felt the lack of support for his government and fled to Montevideo.

After his victory at Pavón, Mitre continued to hold the governorship of Buenos Aires and took over the nation's administration. This step was taken on a temporary basis until provincial representatives could be assembled to elect a new national leader. Congress decided to federalize the city of Buenos Aires as the national capital for five years, and it elected Mitre as constitutional president. The new administration promoted communications, immigration, and the settlement of the interior, and it passed a customs law giving preferential treatment to trade with European nations. It also organized a supreme court, promoted secondary education, and founded academies in Catamarca, Salta, Tucumán, San Juan, Mendoza, and Buenos Aires.

The Paraguayan War, 1865-70

In 1864, after incursions by Brazilian gauchos into Uruguay, reprisals came from Uruguay, and Brazilian troops counterattacked. At the time Paraguay was governed by dictator Francisco Solano López, who advocated the doctrine of noninterference in the affairs of sovereign nations. However, Paraguay had armed itself over the years.

In 1864 the exiled Uruguayan caudillo, Venancio Flores, invaded Uruguay with troops assembled in Argentina. Flores had helped Mitre at Pavón, and he also counted on Brazil's support. Despite previous agreements on neutrality toward a friendly government, internal developments complicated the issue in Argentina, where the opposition to Mitre supported the Uruguayan president, Atanasio Aguirre, who thus sent formal complaints to the governments of Paraguay and Brazil about Argentine participation in the invasion. In response, Brazil complained to Uruguay about frontier skirmishes that were

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threatening Brazilian lives and property. When no measures were taken to reassure Brazil, Brazilian troops moved to the Uruguayan border. In October 1864 Paraguay—wanting to ensure the continued existence of Uruguay as a buffer zone—protested against the deployment of troops and seized a Brazilian ship, the *Marquês de Olinda*, and invaded the Brazilian province of Mato Grosso. Paraguay next wanted to attack the Brazilian troops through the province of Corrientes, but Argentina refused to grant permission. Solano López attacked Argentine ships in the port of Corrientes, and the following March he sent a formal Paraguayan declaration of war to Argentina. A few months later Brazil, Argentina, and Uruguay joined forces against Solano López under the terms of the May 1865 Treaty of the Triple Alliance (see *The War of the Triple Alliance*, ch. 5).

The Paraguayan War (also known as the War of the Triple Alliance) lingered through five years of losses for both the allied army led by Mitre and the marquis of Caxias, Luís Alves de Lima e Silva, and the Paraguayan forces under Solano López. Several important battles were fought during the campaign, and the allied armies eventually regained the territories that had been occupied by Solano López. On March 1, 1870, Solano López was killed at Cerro Corá, ending a war that had been costly for all parties.

"Facundo" Versus "Martín Fierro"

After Buenos Aires joined the union, *porteños* maintained hopes of dominating the nation from their port city. However, political figures from the interior provinces who were acquainted with liberal, European, secular, and cosmopolitan mores had started to infiltrate the exclusive politics of Buenos Aires. This new generation of liberal politicians rejected the authority of the caudillos and the Spanish Catholic cultural and political heritage associated with the uneducated masses of the interior. Domingo Faustino Sarmiento from San Juan and Nicolás de Avellaneda from Tucumán were two such political figures.

The *porteño* leadership remained divided over the question of permanent federalization of Buenos Aires. The elections of 1868, in which Sarmiento was elected to the presidency, highlighted this schism. Sarmiento had written *Facundo: Civilization and Barbarism* in 1845. In it, he had presented an analysis of the caudillo as a historical force in the social forma-

tion of the country whose domination had to be uprooted from modern Argentina through the education of the people. He also advocated constitutional government, European immigration, and laissez-faire economics to ensure the victory of "civilization over barbarism."

The defense of the old sociopolitical structure had its strongest advocate in José Hernández, author of the epic poem *Martín Fierro*, which was published in the 1870s. Hernández presented the gaucho as the authentic Argentine, the symbol of the interior that had been defeated by *porteño* and foreign political and economic interests.

Sarmiento's administration saw the realization of the doctrines he defended in his writings. Firmly believing that criollo ignorance had nurtured the evils of the past, he devoted himself to education and founded the first five teacher training schools in the country. Communications and immigration also received the attention of the enlightened government. Railroad lines were built from Córdoba to Tucumán, the first streetcar line began operations in the province of Corrientes, and telegraphic communications reached Rosario. New waves of immigration and the establishment of immigrant colonies were promoted through effective propaganda and government financial guarantees. The increase in available labor produced higher agricultural outputs and led to the subdivision of the *estancias* into smaller holdings. The newcomers settled in and around the port of Buenos Aires and, in sharp contrast with the stagnant interior provinces, completely changed the outlook of the city during the subsequent decade.

In September 1874, during the transition from Sarmiento's administration to Avellaneda's, Mitre led a revolt against the central government. The rebellious politician claimed that Sarmiento's support of Avellaneda had tainted the electoral process, but in reality Mitre's revolt represented the resentment of Buenos Aires at losing its preeminence. Upon Mitre's defeat a period of relative calm was introduced in Argentina.

President Avellaneda's inauguration in October 1874 marked the integration of the provinces into the mainstream of the Argentine political process. Avellaneda was backed by his own National Party; by Adolfo Alsina, son of the former governor of Buenos Aires and leader of the Autonomist Party of Buenos Aires; and by Julio Argentino Roca from Tucumán, a member of the local political elite. The fusion of Avellaneda's and Alsina's parties resulted in the formation of the National

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Autonomist Party. During his six-year tenure in office, Avellaneda promoted economic growth, welcomed 250,000 immigrants, and furthered Sarmiento's educational policies by establishing schools all over the country. As minister of war, Roca led the "conquest of the desert," which brought army occupation of Patagonia by May 1879. After the extermination of the warrior tribes, the "threat" of miscegenation was ended, and safe conditions encouraged the settlement of Patagonia by European colonists and Argentines from the north.

Although the two previous presidents had disproved the belief that liberal ideals could only be found among *porteño* politicians, the old rivalries came to a head as the 1880 elections approached. Provincial politicians organized the Córdoba League (Liga de Córdoba) to campaign for Roca, who also had the support of Avellaneda, and to federalize the city of Buenos Aires in order to transform it into the national capital. The *porteños* supported Carlos Tejedor, the governor of Buenos Aires, in order to regain their preeminence and defend the territorial basis of their political power. Roca won at the polls, and shortly thereafter a brief civil war broke out in which Tejedor was again defeated. Elections for new provincial and national legislatures followed, and Congress then approved the separation and federalization of the city of Buenos Aires on September 21, 1880.

The city of Buenos Aires was the heart of the province whence foreign ideas, capital, labor, the railroad lines, and most foreign trade emanated. The province of Buenos Aires had historically derived its strength from its sole access to, and revenues from, the port. The loss of these advantages placed the province in a position of equality with the other provinces. Rivalries between *porteños* and the provinces ceased once Buenos Aires became the seat of national authority. The entire nation then benefited from the wealth and prestige of the port city, and the dangers of a future breakup of the country were eliminated. The integration of Argentina was further promoted by the railroads, which soon penetrated the nation. The federalization of the city of Buenos Aires signaled the end of the period of national consolidation and the beginning of a new era for Argentina.

A New Era For Argentina, 1880-1930

Revolution on the Pampas, 1880-1914

From the second half of the nineteenth century to the eve of World War I, Argentina went through major economic and social transformations owing to a rapid increase in population, the size and quality of its herds, and agricultural production. The amount of land under cultivation grew from about 100,000 to 25 million hectares between 1862 and 1914, and national wealth increased rapidly in response to higher trade revenues. This transformation resulted from increased demand for agricultural products—meat and cereals—in industrialized Europe and from the availability of labor, capital, and technology for the development of Argentina, which became a leading world exporter of foodstuffs and raw materials. The provinces of Entre Ríos, Corrientes, and Misiones produced sheep, cattle, flax, and yerba maté; the Chaco area produced cattle, cotton, and dyes; the west produced sugar, wine, and goats; Patagonia supplied sheep, cattle, wood and, after 1907, oil; the pampas, one of the most important breadbaskets of the world at the time, exported beef, wool, wheat (accounting for 25 percent of all exports in the first decade of the twentieth century), flax, corn, and swine; and even the Isla Grande de Tierra del Fuego offered grazing grounds for sheep.

At the time of national consolidation massive waves of European immigrants arrived in Argentina. Between 1880 and 1886 some 483,000 immigrants entered the country, and in 1889 alone some 261,000 reached Argentina. This massive influx of Italians, Spaniards, French, Russians, Germans, British, Swiss, Belgians, and even North Americans also stimulated demographic growth. The first national census in 1869 recorded just over 1.8 million inhabitants; by 1895 their numbers had increased to almost 4 million, of which 1 million were foreign-born. By 1914 there were over 7 million people in Argentina, one-third of those being foreign-born, and by 1930 the country boasted over 11 million inhabitants. The new immigrants tended to remain in the coastal areas and mainly in urban centers. Buenos Aires saw its population double between 1889 and 1909 to over 1 million.

This extraordinary demographic expansion provoked an intensification of the overall development of the country. More land was brought under cultivation, cattle raising improved because of the application of controlled stockbreeding, and the meat industry developed with the advent of refrigeration and

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better transportation. Crop cultivation, however, was the economic activity that expanded most rapidly along with the increased availability of technology and immigrant labor that came to Argentina in vast numbers, especially during the economic booms of 1882-89 and 1904-12. The ruling criollo upper class became a landed aristocracy, but its members chose to live in the cities. Their wealth was a result of the international demand for agricultural products, cheap labor, and rising land values.

The technological revolution in agriculture in the United States came about with the improvement and marketing of earlier inventions. In Argentina the arrival of new technology—the reaper and the thresher for wheat harvesting in 1870, barbed wire fencing to allow adjacent cattle breeding and soil cultivation in 1876, and the steel windmill in 1890—played a major role in the revolution on the pampas.

Access to the domestic and international markets was facilitated by the expansion of the railroad network that had begun in 1850. Railroad construction gained momentum after 1870 because of a heavy influx of foreign, particularly British, capital, and the network expanded from 726 kilometers in 1870 to 33,288 kilometers in 1913. Another important innovation was the establishment of regular steamship service both within Argentina and to the leading European markets. A further development in the transport of perishable meats came in the 1880s with the first refrigerated ships, introduced by the French and the British, which made possible the export of fresh meat to the European markets.

Argentine export revenues increased from US\$1 billion in 1886 to US\$4 billion in 1895 and to US\$15 billion in 1914. Distribution was skewed, however, and became a cause for labor agitation. Nevertheless, increased wealth promoted public services, mainly in education, in keeping with the tradition of Mitre, Sarmiento, and Avellaneda. By 1914 the educational system in Argentina, incorporating features such as compulsory education for children six to 14 years old, ranked among the best in Latin America. Whereas the provinces were responsible for the establishment of primary schools, the federal government subsidized all secondary and university education. Between 1869 and 1914, illiteracy among individuals over age seven dropped from 78 to 35 percent.

The Oligarchy, 1880-1916

The federalization of the city of Buenos Aires promoted a certain degree of stability but failed to solve other historical Argentine problems. Provincial unrest was commonly met by armed federal interventions, and until 1912 the political life of the country remained controlled by an oligarchy. The men of the generation of 1880, the republican liberals who had helped shape the national consolidation, adopted a Conservative position to withstand the political pressures that resulted from the economic and social changes occurring in turn-of-the-century Argentina. The Conservative republican elite did not, however, betray its liberal ideals of economic and administrative progress.

Members of the oligarchy, composed of the leading families in Argentina, shared social and economic interests that were voiced by the Argentine Rural Society and perceived the future of the nation as a personal project. They controlled the electoral process through the use of all sorts of gimmicks—including fraud. Provincial governors appointed their successors, the presidential candidates, and the candidates for both provincial and national legislatures. Constitutional presidential prerogatives included federal intervention in provincial affairs, which created another powerful mechanism for the manipulation of the political life of the country. After 1880 the oligarchy became conscious of its political strength and adopted an aristocratic outlook characterized by ostentation and a fever for luxury. The absence of strongly organized political parties was related both to the inexperience of the Argentine masses in self-government and to the unwillingness of the oligarchy to allow popular participation in the political process.

Class interests thus became the stumbling block of liberalism, which developed into a system of one-party rule, known locally as the *unicato*, which was defended by presidents Roca (1880-86) and Miguel Juárez Celman (1886-90). Later presidents, Carlos Pellegrini (1890-92), Manuel Quintana (1904-06), and José Figueroa Alcorta (1906-10), followed these same policies to a lesser degree. The *unicato* provided an absolutist concept of the presidency in response to the country's political instability and the oligarchy's desire for centralization. There were no political groups capable of launching an effective opposition to the oligarchy, which held the land and promoted agricultural exploitation for its own profit. Immigration was encouraged to increase land productivity, and public works projects were undertaken to increase profits for the landed

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elite. Because most immigrants remained in the coastal area, those provinces reaped most of the profits. The elite favored foreign enterprises to carry out the improvements and, although loans became a drain on the national economy, the oligarchy kept protecting foreign investment and speculation, even on the eve of financial disaster. After the balance of payments crisis of 1889, however, the country's oligarchy adopted more prudent economic policies.

The reform and reorganization of the legal code was one of the most liberal tenets of the *unicato*. In 1884 the Law of Civil Registration and the Law of Public Education were approved, though they divided Catholics and liberals and caused a rupture of relations with the Vatican between 1884 and 1890. Conflicts developed over the ideas of freedom of conscience, civil marriage, divorce, public education, and the appointment of church officials. In 1890 serious disturbances occurred in response to the oligarchy's determination to impose modern legislation upon Argentina. The power brokers of this period failed to realize the need for renovation of their cadres, and by alienating its political leadership from both the old clans and the leaders of the new families of money and education, the oligarchy damaged its own future position in society. The new wealth was being bred in the coastal provinces, from which sprang an opposition group of young intellectuals who were to become the new contenders for political power.

The Road to Popular Democracy

The 1880s saw the emergence of popular political forces that represented the criollo-immigrant masses, which opposed the Conservative liberalism of the oligarchy. The release of these forces was prompted by the financial debacle of 1889-90 and the emergence of new leadership in Leandro N. Alem and Bernardo de Yrigoyen. Alem, a man of austerity, denounced the regime's corruption to the young audience gathered at the local Civic Union meeting hall in April 1890. Three months later the Unión Cívica was firmly established as a political movement, having gained the support of dissatisfied Catholics, military officers, and workers. In Buenos Aires Alem led a rebellion in July that, despite being suppressed, forced Celman to resign. Vice President Pellegrini completed Celman's presidential term.

The 1892 election was preceded by growing political un-

rest. The Conservative political forces favored the candidacy of Mitre but decided in favor of a compromise candidate, Luis Sáenz Peña, who also gained the support of the moderate faction of the Civic Union. Alem opposed the nomination and was arrested and exiled. In 1891 two new parties emerged, Alem's Radical Civic Union (Unión Cívica Radical—UCR) and the National Civic Union (Unión Cívica Nacional), headed by Mitre.

Sáenz Peña's administration was too honest to please the landed provincial elites organized into the Córdoba League, and it failed to gain any party support in Congress. After Alem returned from exile, he resumed his congressional duties and led the opposition in Congress. The UCR defended the principles of formal democracy under universal male suffrage and the mobilization of all sectors of society against the oligarchy. By mid-1893 revolts had spread through the provinces of Santa Fe, San Luis, Tucumán, and Buenos Aires, only to be suppressed by Roca's forces. Sáenz Peña's position did not improve, and in early 1895 he resigned in favor of Vice President José Evaristo Uriburu. The weight of political pressures was also too much for Alem, who committed suicide in 1896 and left the leadership of the UCR to Bernardo de Yrigoyen and that of the Buenos Aires branch to his nephew Hipólito Yrigoyen. Until 1912 the political strategy of the UCR consisted of abstention from the usual electoral fraud and the promotion of "popular" uprisings against the government.

In 1896 the Socialist Party (Partido Socialista—PS) was founded by Juan B. Justo as a reformist party to represent the Argentine proletariat. It opposed both the oligarchy and the UCR for not being responsive to the social and economic grievances of the working class. Immigration brought the influence of European ideas, such as socialism and anarchism, to Argentine trade unions, and in 1905 and 1909 violence and strikes hit the urban areas. In 1890 the Argentine Regional Federation of Workers was formed as a central labor federation, but it soon disappeared. In 1905 the Argentine Workers' Confederation was created. It was later reorganized as the Argentine Regional Federation of Workers, which became exclusively involved in syndicalist policies. Although they also provided leadership to the proletariat before 1916, socialists and anarchists more often battled each other on ideological principles than on social and political questions (see *Labor Groups*, ch. 4). The strongest political organization that emerged from the popular movement was the UCR of Hipólito Yrigoyen. Its con-

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tempt for electoral participation, however, brought the return of Roca to the presidency in 1898.

By 1902 labor agitation was met with the Law of Residence, which provided for the deportation of labor organizers. The presidencies of Quintana and Alcorta were plagued by agitation promoted by the UCR against legislation passed during the Roca regime that provided for strict political control of the labor force in order to end unrest and violence. Alcorta continuously battled with Congress, and in January 1908 he closed it down. Under the influence of PS representatives between 1904 and 1907, important labor laws had been enacted, which, among other things, regulated female and child labor and provided rest on Sundays.

The government's presidential candidate in 1910 was Roque Sáenz Peña, who won the unanimous support of his peers in the oligarchy. He was the son of the former president and a man who had always defended electoral reform. Sáenz Peña realized the strength of the politicized masses under UCR leadership as well as the danger of excluding them from the government. He passed legislation on the rights of foreigners and on the secrecy of the ballot and compulsory universal male suffrage—the Sáenz Peña Law—just before taking a leave of absence in October 1912. He was succeeded by his vice president, Victorino de la Plaza, who enacted further labor laws on low-income housing, work injuries, and prohibition of attaching wages to pensions and retirement benefits. The improvement of the electoral process during the administrations of Sáenz Peña and his successor brought the UCR back into the electoral process in 1912. In these elections the UCR gained one-third of the seats in Congress and won the governorships of Santa Fe, Entre Ríos, and Córdoba. Hipólito Yrigoyen won the presidential election in 1916 under the banner of the UCR.

The Radical Administration, 1916-30

A new era in Argentine politics commenced upon Yrigoyen's victory in 1916, brought about by a coalition of disparate groups united by the ideas of political participation and the redistribution of the benefits of the nation's exports. The UCR found its support among the former middle class of criollo independent farmers and the new middle class of children of immigrants—small shopkeepers and white-collar government workers. The immigrant industrial middle class had been growing since the 1890s but had not previously partici-

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pated in Argentina's political life. Yrigoyen, the party leader turned president, was himself a schoolteacher and small farmer.

After 1916 the general trend of Argentine politics was determined by the relationship between the various Radical governments and the Conservative elite, which controlled five out of the eight cabinet posts in Yrigoyen's cabinet. The political alliance of Radicals and Conservatives, domination of the economy by the export sector, and support of Radical policies by the urban professional middle class and labor groups characterized the period from 1916 to 1930. The major challenges to the Radical administrations in these years stemmed from conflicts arising among these groups, which seemed to threaten the elite's relationship with foreign capital and markets. Another trademark of Yrigoyen's administration was the introduction of a personalistic political style revolving around the president.

At the time of Yrigoyen's inauguration, the country was in the midst of an economic depression that resulted from a lack of foreign investments and trade. These in turn resulted from a financial crisis in Europe and World War I. Despite opposition from congressional leaders, Yrigoyen maintained Argentina's neutrality all through the war. The war generated higher shipping charges and production costs in Europe, to which the Argentine market responded by curbing imports and raising prices. By 1917 growing demand for Argentine primary products in the European markets created another boom era that lasted until 1921, when the effects of the postwar recession began to influence international trade. Inflation became a major concern of Yrigoyen's government, which found itself caught between the urban consumers and the export interests of the elite.

To appease the urban sectors, the government developed a system of patronage, which was sternly opposed by the socialists. Opposition to Yrigoyen's personal power over middle-class groups developed within the Radical coalition itself. The system of favoritism led to an increase in public spending after 1918, a tendency to alienate urban groups outside the bureaucracy's clientele, growing tensions with elite sectors, and the preeminence of Buenos Aires over the interior provinces. One of the most important benefits acquired by the middle class was the university reform of 1918, which provided for more comprehensive criteria for university entry, changes in university curricula, and the establishment of new universities. The

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reform, however, was only granted in response to student strikes that denounced the ills of scholastic and clerical influences in Argentine universities (see Education, ch. 2).

The main source of friction between the Radical government and the elites developed in relation to the working class, whose support was needed by the Radicals in congressional disputes and for the political control of urban Buenos Aires. To defend the workers was to take a stand against the exploitation of their cheap labor by the elite and indirectly by the foreign interests. Because the government lacked congressional support and because no legislative measures had been introduced to integrate workers into the political process, the main avenue for contacts between the government and the workers was the series of strikes that occurred between 1916 and 1919.

The strikes resulted from rising inflation and a drop in workers' real wages during the prewar and postwar economic recessions in Argentina. Government involvement in the strikes stemmed from its control and strategic use of the police force. In reality, the government tended to blame foreign enterprises for labor grievances, as in the cases of the maritime workers' strikes of 1916-17 and the railroad strikes of 1917. By doing so, the government hoped to neutralize the socialists and allow for the growth of the more moderate syndicalists within the union movement. In 1917 and 1918 strikers involved in conflicts with the government of Buenos Aires (as in the case of the municipal workers' strikes) or whose actions interfered with the export interests (in the railroad stoppage and the meatpackers' strikes) were harshly suppressed.

Tensions between the government and the Conservative elite over the strike situation came to a head during the so-called *Semana Trágica* (Tragic Week) in January 1919. The conflict developed from a metalworkers' strike in November 1918, which grew to a general "solidarity" strike in January 1919 that was followed by severe repression. Despite the strike's ending, civilian and paramilitary groups continued the violence and attacked the Russian-Jewish community in the center of Buenos Aires on charges of communist activism among immigrants. The bloody reaction against the immigrants unveiled the fears of the upper and middle classes that strikes were political conspiracies. The government's labor policies thus became an obstacle to ongoing middle- and upper-class political support. At that point a new group of power brokers was born in Argentina—the armed forces.

The *Semana Trágica* almost provoked the government's

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collapse. A new paramilitary vigilante organization threatened the government; the Liga Patriótica (Patriotic League), a loose coalition of conservative and liberal groups, replaced the criterion of class conflict with one of Nationalism against communism. Institutionalized in 1919, the Liga provided the military support for the control of workers and agitators. Meanwhile that same year 259 strikes took place in Buenos Aires, and a movement for unionization of workers gained strength. The government used both the repression of strikes and political patronage to co-opt the international business interests, the army, and the elite. However, the events of January 7-17, 1919, underlined the frailness—despite Yrigoyen's charisma—of the first Radical government and also demonstrated the revolutionary potential of the Argentine labor movement.

During the last two years of Yrigoyen's administration continual attempts were made to gain support among members of the Liga, the military, the church, the international interests, and the elite. After the government acted against a dockworkers' strike in 1921, unionization was discouraged. Despite conflicts with labor, the Radical administration enacted a homestead law and a series of laws that regulated hours of labor, minimum wages, and female and child labor. It also established municipal workers' pensions; required arbitration in international disputes; reduced penalties for strikes; called for supervision of the manufacture and distribution of dangerous materials; created water and sewage systems for Argentine urban communities; and founded numerous universities and primary schools. The postwar economic slump, coupled with labor agitation and congressional opposition, handicapped further legislation. The government's commitment to the rough reform program was realized only by the following administration.

The inflationary trend of the war and postwar periods ended with the postwar recession in 1921. In the 1920s a decline in agricultural production took place as a result of the scarcity of both finance capital and new lands to be brought under cultivation. There was also a shift in the international demand for agricultural products from grains to beef. This new phase of the Argentine economy was characterized by an increasing presence of United States interests, which provided both financial capital and goods to Argentina and became increasingly linked to Argentine industrialization. Between 1923 and 1927, when total foreign investments in Argentina grew from 3.2 billion to 3.6 billion pesos (for value of the peso—see

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Glossary), United States investments rose from 200 million to 505 million pesos. In the 1920s Argentine politics, previously dominated by the relationships between the elite and the urban working class, changed to reflect those between the elite and the middle class.

Radical candidate Marcelo T. de Alvear won the 1922 elections. During Alvear's administration the Radicals split over the question of government spending. *Yrigoyenistas* (Yrigoyen's supporters) defended the patronage system, while *alvearistas* (Alvear's backers) defended government budget cuts. In 1923 Alvear ended his emphasis on controlling spending because the unpopular measures were undermining his political support. At local UCR conventions the next year, two factions appeared that identified themselves as for or against Yrigoyen's personalistic brand of politics. Those aligned against Yrigoyen were led by Vicente C. Gallo, who founded the Antipersonalist Radical Civic Union. The remainder of Alvear's administration was characterized by his attempts to play one faction against the other.

Despite his advanced age, Yrigoyen maintained his leadership position and popular support, and after 1924 the *yrigoyenista* faction of the UCR strengthened its power base among the middle-class groups that longed for a return of the patronage system. The faction also tried to win working-class support by reminding workers of Yrigoyen's intervention in favor of the strikes of the previous decade. Yrigoyen's move was facilitated by a crisis within the PS, which split into two factions upon the creation of the Independent Socialist Party, which advocated patronage to win urban middle-class support. By 1925 the *yrigoyenistas* found it more politically acceptable to justify government spending on the promotion of industrialization and the defense of the country's natural resources. Economic Nationalism and, in particular, the nationalization of foreign-owned oil resources became a popular rallying cry. This political program gave Yrigoyen a landslide victory in the elections of 1928.

In 1928 the *yrigoyenistas* changed their political power base from the old landowning elites to the urban professional middle class. Purges of Alvear's partisans, growing corruption, and abuses of power came to characterize Yrigoyen's second term in office. Yrigoyen used the banner of anti-communism to consolidate his position toward the army and the elite groups. Government troops were used to crush labor unrest in Santa Fe in late 1928 and early 1929. No attempt was made to revive

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former labor policies, and labor was controlled through local UCR committees that used patronage to elicit support for the government. At the same time, the government favored British interests over both the local working class and United States economic interests in Argentina. Yrigoyen had no majority in the Senate and turned to the provinces to secure support for his Nationalist policies toward Argentine natural resources. Despite growing violence in Buenos Aires, the government continued to enjoy middle-class support.

The Wall Street stock market crash of October 1929 brought severe declines in agricultural prices and investments in Argentina in 1930. Adverse climatic conditions and the Great Depression provoked the collapse of the export sector. The resulting inflation and decline in imports further hampered the government's financial position and its ability to maintain its system of political patronage, thus undermining its popular support. Radicalism, which had sprung up through periods of growth, crumbled during times of stagnation and depression. Argentina's attempt at popular democracy failed, but it unveiled a pluralistic society within a political structure that was distinguished by elitism and privilege.

Conservative Restoration, 1930-46

Aftermath of Depression, 1930-43

The Great Depression had a profound political effect in Argentina because it highlighted the weakness of the political and economic arrangements of the liberal period and gave strength to political aspirations within the military. The country suffered the consequences of its dependent economic role as a producer of primary products for the international market and an importer of capital, finished goods, and labor. After 1930 the economic system was modified through greater state participation in the organization and direction of the economy. The fall in export earnings provoked a flow of Argentine gold reserves abroad to pay for imports, which was followed by a government decision to suspend the conversion of paper money into gold in mid-December 1929. This generated a feeling of despair that soon found political expression in the electoral defeat of the UCR in Buenos Aires and in popular protests against the federal government. Yrigoyen's leadership was challenged by right-wing organizations, which held street demonstrations to demand the president's resignation. On Sep-

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tember 5, 1930, Yrigoyen resigned from the presidency and was replaced by Vice President Enrique Martínez. The next day General José F. Uriburu, commander of the Buenos Aires garrison, revolted, deposed Martínez, and declared martial law. The liberal constitutional process that had been established in 1862 was put to an end.

Uriburu was an aristocratic officer from Salta, the son of the former Conservative president, and a member of the "new professional army" of soldiers in Argentina. Military professionalization had begun in the late nineteenth and early twentieth centuries (see *Background and Traditions of the Armed Forces*, ch. 5). It was characterized by the modernization of military training and equipment (provided largely by Germany), the establishment of the Superior War College in 1900, and the passage of a law of obligatory military service in 1901. The new professional army of mostly middle-class sons of immigrants welcomed the Radical government in 1916, but by 1921 a group of discontented officers had organized the San Martín's Lodge, a secret society that was to play an important role in the conspiracies leading up to the 1930 coup d'état. Although supported by a coalition of Conservatives, antipersonalists, and moderate socialists, Uriburu was against popular democracy and dreamed of delivering Argentina from the professional politicians. Uriburu had great admiration for Miguel Primo de Rivera and Benito Mussolini, who had imposed fascist dictatorships in Spain and Italy to rid their countries of corruption and anarchy. Thus, the rise of Uriburu marked a new phase of ultranationalism in Argentine politics and the replacement of the old bourgeois political regime by a new corporate state in the contemporary European tradition.

Uriburu's seizure of power was handicapped by the lack of full support from his military colleagues. General Agustín P. Justo, who defended the oligarchical interests and the restoration of the old order, led a liberal faction within the army. Uriburu's style of authoritarian rule and ultranationalistic speeches alienated most of the army officers and prompted a widespread challenge to his authority. In certain matters, however, he was careful to avoid antagonizing the military establishment. He carried out major cuts in government spending but spared the military budget; its share of government spending increased from 18.6 percent in 1930 to 20 percent in 1931.

Military opposition and ill health led to Uriburu's resignation. The Radicals abstained from participation in the fraudu-

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lent presidential elections of 1931, and Justo ascended to the presidency. Justo's victory resulted from a united political front of various Conservative factions, called the *Concordancia*, which controlled the Argentine political process from 1931 until 1943. Justo's presidency (1932-38) was characterized by a restoration of the export-oriented economic model, greater electoral fraud, government corruption, and favorable conditions for foreign investors.

Justo intended to discourage military involvement in politics. The economy was weak as a result of the worldwide depression and years of government financial mismanagement. The administration took unpopular steps to control the production and marketing of exports, including the establishment of a series of bilateral commercial agreements and foreign exchange controls. It centralized the collection of taxes, introduced an income tax, and created the Central Bank of the Argentine Republic to regulate all banking and fiscal activities in the country. These measures were criticized because they protected the agricultural and commercial interests and provided increasing concessions to foreign interests. The Roca-Runciman Trade Agreement of 1933 ensured British markets for Argentina's meat and agricultural products, and it protected British-manufactured imports from foreign and domestic competition in Argentina.

The British-owned utility and transportation companies were also protected from nationalization and further competition by railroads and streetcar lines. To bypass the 1933 agreement, the government began to build a road network that linked those areas not served by the railroads. The banking reorganization of 1935 also opened the doors to foreign interests, even though the new Central Bank remained in charge of national monetary policies. Justo's reforms went unchallenged as the result of the Radical strategy of electoral abstention between 1931 and 1935, while military skepticism of Justo's capacity to lead the country through the difficult times of economic recovery increased.

Despite limitations on his performance, Justo was successful in reorienting the Argentine economy toward a diversification of exports and the development of import-substitution industries, which prompted the emergence of new industrial classes not directly dependent upon the export sector. The former elite resented the newcomers and entrenched itself in old-fashioned social and religious values, while corruption increased at all levels. In early 1938 the new administration of

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President Roberto M. Ortiz and Vice President Ramón S. Castillo was inaugurated under the auspices of the Concordancia.

Ortiz was a lawyer and the son of immigrants. His career underlined the opportunities open to bright young people in early twentieth-century Argentina. He believed in the moralization of the political process through the application of the Sáenz Peña Law, despite having climbed to the presidency through a rigged election manipulated by Justo's followers. The administration was the object of public scrutiny, and in 1939 Ortiz was personally charged with having received a substantial payoff in a land-purchase deal for the construction of an airport. To make matters worse, Ortiz was in frail health and was forced to relinquish power to his vice president in 1940. He died in 1941.

The Ortiz-Castillo administration coincided with major changes in the world balance of power marked by the early Allied losses in Europe and the occupation of France by Hitler's troops. To preempt demonstrations from the different pro-Allied and pro-Axis factions in Argentina, a state of siege was declared after the Japanese attack on Pearl Harbor on December 7, 1941. Argentina had declared its neutrality in 1939 and during the war was economically dependent on European, especially British, markets and militarily dependent on German matériel and training missions. Pro-Axis sentiments were widespread within the military and other nationalistic groups, and Argentina defied United States pressures to join the Allied cause in 1942 (see *The Modern Armed Forces*, ch. 5). The death of Ortiz and Castillo's determination to rule without keeping the old compromises embodied in the Concordancia—including the neutrality of the armed forces in political matters—prompted its dissolution and unleashed military opposition to the government.

National Revolution, 1943-46

The previous decade had witnessed various incidents of government repressions, military interventions, rigged elections, economic depression, and oligarchical rule. The situation changed abruptly with the emergence of a new Nationalist military opposition. On the morning of June 4, 1943, an army of some 10,000 marched on the government palace under the command of General Arturo J. Rawson. The military coup came in response to the breakup of the Concordancia and the frustration of major Argentine political and economic interests

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that felt threatened by Castillo's determination to exclude them from the political arrangements of the next administration. When the troops approached, President Castillo abandoned the Casa Rosada (Pink House, official presidential palace) and sailed to the nearby port of La Plata. The next day he submitted his resignation to the military commander of Buenos Aires.

The military coup against the Conservative government of Castillo was the work of a secret Nationalist military organization, the Unification Task Force (Grupo Obra de Unificación—GOU), a group of young colonels that included Juan Domingo Perón. The conspirators were strongly influenced by Italian and German nationalist military organizations, and they perceived the army in a redeeming role. Under this view, they were committed to rule Argentina and achieve national industrial development and social reforms, which they viewed as necessary for national unification and the creation of a strong professional army. As a result, political power was transferred from the old landed and mercantile aristocracies to the new military bureaucracy. For the first time in the history of Argentina, military men were entrusted with all political and administrative posts under a dictatorship that suspended the Constitution and proclaimed General Rawson president on June 4, 1943. His pro-Allied sympathies forced him to resign three days later, however. Between 1943 and 1944 three ministers of war were appointed to the presidency by the GOU. Rawson's successor was General Pedro Pablo Ramírez, who was replaced in 1944 by General Edelmiro J. Farrell, who appointed Perón as his minister of war.

Throughout this initial period of military consolidation, Perón developed his power base as a major leader of the young officers within the GOU. In October 1943 Perón became the head of the newly created Secretariat of Labor and Social Welfare, which acquired ministerial status the following month. From this vantage point, Perón was able to take over the labor organizations under the General Confederation of Labor (Confederación General de Trabajo—CGT) and to direct and subject it to his personal control. He maintained a commanding position over both the corporate military and the new laboring classes and became the dominant personality in Argentine political life until his death more than three decades later.

Perón was born in 1895 to a rural middle-class family from Lobos, in Buenos Aires Province. He was educated at the Military College and began his military career as an army lieutenant.

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ant in 1915. In the 1930s Perón's career began a new phase: in 1930 he became a military history instructor at the Superior War College; in 1936 he was assigned to Chile as military attaché; and in 1939 he was assigned to Italy as a military observer. During his stay in Europe, Perón came to admire the new corporate states in Italy and Spain. Perón's military career gave him (and many others, for that matter) the opportunity to acquire professional training and also to mingle with the upper strata of Argentine society. Back in Argentina he helped organize the GOU and participated in the fall of Castillo's government, but the increasing failures of the fascists in Europe prompted him to confine his corporatist ideas to the Secretariat of Labor and Social Welfare in 1943.

Perón's ability to manipulate his following produced an alliance between young officers and new labor leaders who were outside the mainstream of political parties and labor organizations. This coalition was encouraged by the emergence of a new generation of Extreme Nationalists and the increasing unrest and expectations of the new industrial labor force, which was swelled by migrations from the countryside and consequent unemployment at a time of rapid industrialization, capital accumulation, and scant redistribution of the nation's growing wealth.

Perón integrated nonunion and union workers into a national welfare system that provided pensions and health benefits for all. Between 1943 and 1946 he enacted a series of labor decrees that represented his redistribution program, sanctions against persons or enterprises obstructing the actions of the newly created Ministry of Labor and Social Welfare and the labor courts; regulations against unfair job dismissal and for rent control; measures regulating the work of minors and domestic servants; and provisions for paid vacations and a New Year's bonus.

However, Perón's growing popularity among the labor force antagonized the military, who soon came to distrust him. On October 9, 1945, he was removed from the position he had held for more than a year as vice president of Argentina and was arrested by the military. Demonstrations for Perón's release began six days later, and on October 17 a mass rally of *descamisados* (the shirtless ones—the poor who were the base of Perón's supporters) was organized by his mistress, Eva Duarte, and the labor leaders who packed the Plaza de Mayo in front of the presidential palace. Once freed, Perón began to organize for the presidential elections of 1946 as a constitu-

tional candidate backed by his newly formed Labor Party and by a Radical splinter group, the UCR Renovating Junta. The two parties merged in June 1946 after Perón's election to become the Unified Party of the National Revolution, which was renamed the Peronist Party in January 1947.

Perón's opposition came from the Conservative agricultural interests, a sector of industry trialists linked to exports; the UCR; the Socialists; the Argentine Communist Party; and the Catholic church. Most of the opposition united to form the Democratic Union (*Unión Democrática—UD*), which received United States support. Before the elections the "Blue Book," prepared by the United States ambassador, Spruille Braden, was circulated. It denounced Nazi influence in Argentina, to which Perón replied with the "Blue and White Book," named after the national colors of Argentina, in which he denounced United States involvement in Argentine political life. The electoral campaign became a battle in which Perón declared Braden to be his fiercest opponent, and the Peronists chanted the slogan "Perón or Braden." Perón also had to contend with the Roman Catholic Church, the official state church to which Argentine presidents were required to pledge allegiance. Although the Argentine clergy was less orthodox than its counterparts elsewhere in Latin America, political demonstrations of religiosity were requirements for public office. Perón's relationship with Eva Duarte needed to be sanctioned by the church before the elections of 1946, and they were duly married in October 1945.

Argentina Under Perón, 1946-55

Perón's First Presidency, 1946-51

On February 24, 1946, Perón won the presidential elections in a climate of order and fairness. Perón's political allies won almost all the governors' posts and Senate seats, as well as two-thirds of the seats in the Chamber of Deputies. Before Perón's inauguration in June, President Farrell, under Perón's advice, nationalized the Central Bank and its foreign assets and created the Argentine Trade Promotion Institute (*Instituto Argentino de Promoción del Intercambio—IAPI*) and empowered it to fix agricultural prices and to use the assets and revenues generated by agricultural exports to promote small- and medium-sized industries. He also established a state-owned commercial airline.

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At the end of the war Argentina had accumulated over US\$1.4 billion in gold and hard currency, which amounted to 70 percent of all Latin American reserves at the time. Soon after his inauguration Perón signed the Eady-Miranda Treaty, which regulated the acquisition of all British-owned railroads in Argentina. The treaty was highly controversial because of the age of the rolling stock and because the purchase encompassed several other related British-owned enterprises—hotels, meat-packing plants, transportation companies, bonds of several companies, and large tracts of land. Although it did serve to recover some of the capital that had been held in Britain during the war in the form of revenues generated by the Argentine export sector, it also depleted Argentina's post-war reserves.

A positive trade balance following World War II allowed Argentina to embark on a rapid industrialization program. Prosperity reigned throughout the country and gave rise to the aphorism that "God is Argentine." The concept of economic emancipation was expanded beyond the purchase of utility concessions. Industrial activity was encouraged by the IAPI: textile production grew by 100 percent, chemicals by over 300 percent, and the production of plastics, food products, and leather by significant amounts as well. A major handicap to industrial growth was the limited energy capacity of the country. Perón's first state of the union address in 1947 emphasized industrialization and the need for full cooperation from the CGT.

Between 1945 and 1948 the real wages of industrial workers rose by 50 percent, those of government officials by 30 percent, and the overall level of consumption by 20 percent. Perón transformed all decrees enacted by the Ministry of Labor and Social Welfare into laws; 34 percent of all government expenditures were labor related, including a program to build inexpensive housing for workers. The first signs of the country's inability to continue such increases in real income for the work force surfaced in 1948. Foreign reserves were exhausted, and the prices for Argentine primary products began to fall relative to imports of fuel, capital goods, and industrial raw materials. The government resorted to printing more money and borrowing abroad. An inflationary spiral led to the fall of real wages in 1949. The reform-minded administration intensified its pursuit of stronger mechanisms to exercise political control. In order to mobilize popular support, a new Peronist party was organized under the banner of Fairness (Justicialis-

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mo). To circumvent the provisions of the 1853 Constitution regarding presidential reelection, a constitutional reform was undertaken and promulgated in March 1949. In the elections of 1951 Perón won 4.6 million votes against 2.3 million cast for his opponent, Ricardo Balbín of the UCR.

The mythical aspects of Perón's regime were embodied in Eva Duarte de Perón (popularly known as Evita), who personified the confused revolutionary aspirations of the Argentine masses. Evita came from a poverty-stricken family and was constantly reminded of her origins by the Argentine elites, whom she despised and antagonized with her public displays of wealth and power. Her main activities between 1948 and 1951 took place at the Ministry of Labor and Social Welfare, where she met daily with hundreds of people who came to ask for help, to thank her for previous bequests, or to bring her a contribution for the Eva Perón Foundation, a private institution established in 1948 that provided services to the needy. The foundation had political significance and was a branch of Perón's social programs. Although Evita did not participate in the campaign for women's suffrage—granted in 1947—she was politically active in the 1949 establishment of the Women's Peronist Party and encouraged women to participate in politics. Evita was the standard-bearer of her husband's following. Acknowledging her debt to Perón, she incited the people to adore him. Evita occupied a preeminent position in the Argentine political hierarchy during her husband's rule, and she acquired the skills of an emotive public speaker.

On the eve of Perón's second term, Argentina had made important strides in foreign relations and in internal social policies, whereas economic conditions had deteriorated. In a bipolar world split between the United States and the Soviet Union, between capitalism and communism, Argentine foreign policy moved after 1946 to a position of nonalignment that was called a Third Position (see Foreign Relations, ch. 4). Argentina adopted this approach to the Cold War in order to establish itself as a leading nation in the hemisphere. The economic policies of Perón's first term had concentrated on import-substitution industrialization in order to supply a growing domestic market. The increasing purchasing power of wage earners stimulated the growth of consumer goods industries, whereas basic industries were largely neglected. One exception was the beginning of a steel industry in 1945-47 under the auspices of the General Directorate of Military Manufactures, which had been created in 1941 (see Military Industry and Exports, ch.

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5). This consumption-oriented model of industrialization, however, eventually led to an unanticipated dependence on imported capital goods and to the decapitalization of the economy. The transfer of resources from agriculture to industry provoked a reaction from the landed interests, which began to undermine production by reducing the acreage of land under cultivation. This in turn generated a drop in exports and created a trade deficit. In 1950, as the Korean war began, United States purchases of grain doubled, and Argentina was able to secure a US\$125 million loan from foreign private interests to shore up its foreign reserves. This bonanza was to be short-lived, however.

Perón's Second Administration, 1952-55

In 1951 Perón's candidacy for a second term did not please all sectors of Argentine society. Before the elections in November, a military rebellion broke out in Buenos Aires. Although it was easily quelled, the government declared a state of siege, which was not lifted until 1955. In June 1952 Perón was inaugurated for his second term, and the next month Evita died of cancer. With her death an important phase of Peronism came to an end.

The Peronist legislative majorities in both houses of Congress and its control of most governorships, as well as the press, made Peronism pervasive throughout Argentina. Perón used his almost complete control of a rapidly growing government bureaucracy to lure the working class away from the old power structure.

The years 1951 and 1952 saw a Peronist attempt to co-opt students through a government-sponsored university reform that abolished admission requirements for all candidates to higher education. Heavy-handed Peronist control of the university system provoked reaction among students, which was met by harsh repression and led to the creation of a new anti-Peronist front among intellectuals. The improvement of financial conditions was halted by an economic slump that was prompted by bad harvests, an increase in internal meat consumption in Argentina—thus decreasing meat available for export—and low international prices for grain. The 50-percent growth of the Argentine trade deficit between 1951 and 1952 reflected government policies that promoted increased consumption among workers and an inordinate growth of small enterprises and that discouraged capital investments. To coun-

terbalance the bleak prospects for improving the trade balance in 1952 the government decided to encourage agriculture and the pastoral industries. The end of the Korean war in July 1953, however, caused a drop in international agricultural prices. The industrial elites thus began to press the government for another change of economic policy, one that would concentrate on raising industrial output, reducing workers' real wages, and increasing capital investments.

In 1951 the government created the General Economic Confederation (*Confederación General Económica—CGE*) to regulate production, industry, and commerce. In 1955 the CGE and the CGT negotiated a productivity pact that established the goals of both organizations: interaction between employers and employees; modernization of the enterprises; rational utilization of the labor force; and wage increases in response to increases in productivity. Perón's dream of creating an "organized community" had been put forth in a 1953 law that regulated collective bargaining on the basis of solidarity instead of opposition between management and labor. These were palliative measures, however, because the much needed capital accumulation required the exploitation of the productive capacity of the labor force. Despite the favorable terms of the 1953 legislation, Argentina was able to attract a total of only US\$11 million of foreign capital investments in industry, mining, and petroleum development during that year. United States, Italian, and German firms took advantage of the protective tariffs and developed high-cost automobile, tractor, and chemical plants, whereas Argentine energy needs were met by the establishment of new power plants. In March 1955 Argentina signed contracts with the Standard Oil Company of California for the exploration—which proved unsuccessful—of oil in Patagonia.

While Peronist support stemmed from its alliance with workers, domestic and foreign industrialists, and the bureaucracy, opposition to Perón grew out of the economic hardships faced by the discontented elements of the middle classes—the armed forces, students, and the church—and the increasing political and economic pressures from the United States, whose presence in Latin America increased substantially after the end of World War II. The anti-Peronist movement found an ally in the Roman Catholic Church, especially after Perón's speech in November 1954 in which he charged the church with antigovernment activities based on its increasing involvement in political affairs and labor relations. Perón had attracted

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the youth to his government by sponsoring student activities, sports, and outdoor gatherings, thus undermining the church's control of the youth movement. He also removed religious instruction from public schools, introduced legislation to legalize prostitution and divorce, and in May 1955 called for the separation of church and state. On June 12, 1955, the church organized a mass demonstration for the celebration of Corpus Christi that was attended by more than 100,000 people. A few days later, the seeds of rebellion incited the anti-Peronist air force to attack the Plaza de Mayo and Casa Rosada, leaving more than 200 people dead. The revolt was soon crushed by the army, however. These events were followed by Peronist attacks on church property, which were followed by Vatican sanctions.

On September 16 the navy revolted with the support of army battalions in the interior, and from Córdoba, General Eduardo Lonardi proclaimed a "Liberating Revolution." A military junta in Buenos Aires took control of the government on September 18, and Perón fled into exile. On September 23 Lonardi was nominated provisional president until Argentina's constitutional democratic institutions were restored. Perón's ouster showed that his populist administration had proved incapable of responding to the needs of the dominant classes in Argentina.

"Revolutionary" Argentina, 1955-72

The Liberating Revolution, 1955-66

Lonardi's provisional government was lenient toward the old Peronist order, and it failed to fulfill the economic expectations of the elite and the military—a freeze on wages and a redistribution of wealth away from the working class. On November 13, 1955, General Pedro E. Aramburu, who had participated in Perón's expulsion, overthrew Lonardi. Aramburu had the tacit support of the moderate left (communists and socialists), the Radicals, and the right wing of the conservative faction to carry out the "de-Peronization" of Argentina. The CGT was put under military control; independent unions were consigned to the care of friendly communists or socialists, and the formation of new parallel unions was encouraged. Meanwhile, the government began a bloody campaign against the Peronists, who were imprisoned, tortured, and executed. All Peronist organizations were banned, the constitutional reform

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of 1949 was abrogated, and Decree Number 4161, which banned the use of words associated with the Peronist regime, was issued in March 1956.

The Peronist resistance still counted on a few supporters in the army, whose frustrated coup d'état of 1956 prompted an official reprisal and the execution of 27 Peronist military officers. The Peronist leadership was disbanded, and a series of indiscriminate terrorist bombings took place between 1956 and 1958. Nonunionized labor groups with Peronist sympathies resorted to work stoppages and sabotage in response to wage freezes and the drop in workers' purchasing power.

The growing labor unrest and the deteriorating economic situation worried the army and the economic elites, who called for new elections. Repression of the Peronist movement led to the creation of the conservative People's Radical Civic Union (Unión Cívica Radical del Pueblo—UCRP) under Balbín, and the Intransigent Radical Civic Union (Unión Cívica Radical Intransigente—UCRI), led by Arturo Frondizi (see Political Parties, ch. 4).

Frondizi's campaign strategy promised to integrate Peronism into the regime. He established personal contacts with Perón, who was in exile, and promised a general amnesty, legal recognition of the Peronists, and a restoration of the social and economic gains of the workers. Despite a high rate of Peronist abstention, Frondizi won the election of February 1958 with more than 4 million votes and was inaugurated in May. Frondizi upheld his promises to the Peronists, but his economic program was geared toward opening up the national economy to foreign capital as a means of industrializing the country at any cost. In mid-1958 the government passed a law regulating professional associations that provided for centralization and control of the unions, and in October a general strike was declared. The government responded by instituting a state of siege and launching a massive campaign of repression.

From 1958 to 1962 austerity measures brought forth increasing labor agitation and repression, and the government attempted to make amends with the military and the Peronist movement. The Peronists carried 40 percent of the votes in the congressional elections of March 1962, and before the end of the month the military staged a coup d'état that ousted Frondizi and installed José M. Guido as provisional president.

Guido's administration conducted an economic program that favored United States interests in Argentina, thus provoking dissension within the armed forces. Two groups surfaced:

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the *colorados* (reds), which represented the more reactionary sector of the armed forces, and the less reactionary *azules* (blues), which included such high-ranking officers as generals Juan Carlos Onganía and Alejandro Agustín Lanusse (see *The Modern Armed Forces*, ch. 5).

The presidential candidate from the UCRP, Arturo Illia, won the elections of 1963. His victory was limited, however, by a preelectoral agreement between his party and the military that gave the military veto power over all legislation. Although Illia supported moderately conservative policies, he shared middle-class apprehensions about both the workers and the upper classes. His weak measures against the trade unions, foreign interests, and the export sector pleased the lower middle class but irritated employers' associations. Illia granted a general amnesty to all political prisoners, created a flat tax on total income, and started to curtail foreign oil interests by canceling oil concessions. This hampered the development of the oil industry and led to greater dependence on United States investments. Illia's government was unable to overcome economic stagnation, which was visible in the lack of services to the urban population, rising unemployment and inflation, lack of capital investments, a thriving black market in foreign currencies, and a continuous decline of trade.

The government lacked the political support necessary to enable it to strike a balance among the different interest groups. At the same time, the Peronists began a series of labor actions designed to force the government to allow for Perón's return. Elements in the military felt that stability could be achieved only through the repression of some of those groups. On June 28, 1966, General Onganía led a coup d'état against Illia, removed all provincial governors, dissolved Congress, banned all political parties, declared all public demonstrations illegal, and proclaimed the Act of the Argentine Revolution.

The Argentine Revolution, 1966-72

The military dominated Argentine politics once more after Illia's removal from office. On June 29 a military junta offered the presidency to Onganía, an ultraconservative Catholic who commanded the support of the local industrialists linked to foreign capital. On July 29 the government ordered police and troops to close the University of Buenos Aires under the force of arms and took control of all Argentine universities. This resulted in the mass resignations and exile of the most liberal

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and leftist professors and generated widespread student reaction against the government (see *The National Security Doctrine*, ch. 5).

Onganía's economic policy was geared toward creating favorable conditions for foreign investments, thus reinforcing the country's economic dependence. These were hard times for the Argentine labor force, which suffered from a reduction of the minimum wage, a subsequent wage freeze, and a change in the retirement age from 55 to 60 years. Real wages declined by 8 percent between 1966 and 1970. The protective policies toward basic industries had the effect of increasing foreign ownership from 14 percent of the total in 1957 to 59 percent in 1969 and caused the elimination of locally owned small and medium-sized textile and food-processing enterprises, which lacked access to government credit. Between 1966 and 1971 over US\$2 billion left the country in the form of repatriation of profits, royalties, and dividends. To fill the growing deficit in the balance of payments, Argentina resorted to foreign loans that generated a foreign debt of US\$5.3 billion between 1969 and 1971. The government tried to recover its losses by imposing a 5-percent tax on land used in the production of exports and additional taxes on meat and agricultural exports. The policy of "rationalization" of the agrarian sector led to the closing of 12 sugar mills in 1966, provoking thousands of layoffs and stepping up migration of rural workers to major cities.

Seventeen percent of the population shared 60 percent of the country's total income in 1968, whereas the remaining 83 percent earned only 40 percent. Economic deterioration reached down to the educational system: one-third of all school-age children did not have access to education, and over half of those who entered the educational system never completed it. Opposition to Onganía became more militant in 1968 with the creation of the General Confederation of Labor of the Argentines (*Confederación General del Trabajo de los Argentinos—CGTA*), under Peronist leadership and supported by the left and the student movement. The CGTA was hampered by its lack of organizational and ideological cohesiveness. Another problem was its lack of support by the large unions (all of which were then under government control). However, the CGTA fulfilled an important role in generating a certain degree of labor militancy among the Argentine working class, which was best exemplified in the events of May 1969 in the city of Córdoba.

The second largest city of Argentina had historically been

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opposed to administrative centralism. After 1955 Córdoba became a major industrial center, but by the 1960s it was surpassed by Buenos Aires as a center of automobile production. Córdoba's economic decline, together with the institutionalized repression under Onganía, ignited conflicts among local businessmen, foreign automobile interests, workers, and students. Encouraged by the Cuban Revolution and the May 1968 uprisings in France, the Cordobazo (literally, coup of Córdoba) sprang from the militant working classes and received support from the local business community, students, and the liberal sectors of the Catholic church. The events in Córdoba had important repercussions throughout the country.

The conflicts that led to the Cordobazo started in mid-May. A few isolated incidents of protest were met by armed force, creating a common bond among different sectors of Argentine society. A rise in the price of meal tickets in the universities sparked student protests in the interior. In Rosario the local CGTA supported the student protests against armed intervention; in Córdoba, police brutality provoked street clashes with the workers.

In response to these events, the CGT and the CGTA of Córdoba organized a strike and a demonstration for May 29. In the center of Córdoba the students joined the demonstration, which was met by police and army troops and transformed the city into a battlefield for two days. The violence left 100 dead or injured. Despite the harsh repression coordinated by the National Security Council, the Cordobazo promoted an alliance among students, workers, and local business groups against the government. Government control of the university system and bleak economic prospects brought about the radicalization of these groups. The Cordobazo inspired a wave of strikes and protests against the Onganía administration, which became more heavy-handed as the opposition turned more militant. A series of political assassinations took place, including that of former president Aramburu. The unity among the opposition proved to be short-lived.

On June 8, 1970, the joint chiefs of staff, led by General Lanusse, deposed Onganía and appointed to the presidency General Roberto Marcelo Levingston, who was recalled from his post as military attaché in Washington. New government economic policies replaced wage freezes with indexing, leading to inflation and discontent among government supporters (bankers and business interests), while the radicalized intellectuals—including many university professors and students, law-

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yers, and journalists—started an open campaign against the regime. Riots in Córdoba, economic chaos, and lack of political support led the way to Levingston's dismissal by the joint chiefs of staff on March 23, 1971.

Three days later Lanusse was sworn in as president while maintaining his post as army commander. Lanusse immediately contacted Perón in Madrid, approved a project for legalization of all political parties, proposed the "Great National Agreement" for the constitutional reorganization of Argentina, and announced elections for 1973. Lanusse's plan for the process of transition to be directed by the military was legitimized by the proposed agreement, in which Peronism was to be legalized in exchange for Perón's support of the government and condemnation of the budding guerrilla movement.

Between 1968 and 1970 several guerrilla groups began to operate in Argentina, among them the People's Revolutionary Army, the Peronist Armed Forces, the Revolutionary Armed Forces, and the Montoneros. Revolutionary activism was shared by sectors of the Catholic clergy. The Movement of Priests for the Third World was organized in 1968 by the liberal wing of the Argentine clergy, which applied the tenets of the Second Vatican Council (1962-65) and those of the 1968 Latin American Bishops' Conference in Medellín, Colombia, to the Argentine reality. Many priests were arrested for their opposition to government violence. By the end of 1971 the widespread repression had provoked open criticism from groups such as the International Commission of Jurists in Geneva, which denounced the obstruction of justice, intimidation, and persecution of Argentine lawyers who defended political prisoners.

Lanusse institutionalized censorship to control the press, other mass media, and the performing and visual arts. Militant groups suffered systematic abductions, arrests, torture, and assassinations. Government backing was provided by over 20 laws passed between 1966 and the early 1970s proscribing "subversion and communism" and establishing the death penalty for political crimes. Lanusse created a new judicial body, the Federal Court Against Subversion, to try political cases. Twenty-five political prisoners were released in 1971 after being subjected to torture, and several others disappeared; 16 people who were alleged to have helped in the hijacking of a plane in Rawson (Chubut Province) were executed in 1972 after attempting an escape from Rawson Prison. The executions fomented popular demonstrations throughout the coun-

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try. After the incident and the resulting protests, the administration imposed even more severe treatment on the remaining 2,000 political prisoners in Argentina.

Prior to the 1973 elections, the government established eligibility requirements for all presidential candidates, including residence in Argentina before August 25, 1972. Perón refused to comply with the residence requirement or to declare himself a candidate, although he arrived in December to carry out political negotiations. Instead, he appointed Héctor J. Cámpora candidate of a coalition of the Peronist Justicialist Party (Partido Justicialista—PJ) and a large number of small parties. The last year of Lanusse's administration entailed intense political activity as all factions tried to build their political bases in preparation for the elections of 1973.

The economy deteriorated further in 1971 and 1972. The most important indicators of this were rising inflation, a lack of foreign currency reserves, a trade deficit, and meat shortages. Labor strikes, demonstrations, increasing violence and police torture, and terrorist attacks and counterattacks were widespread. There was a general climate of disintegration and the threat of a major national insurrection unless the government allowed free elections to take place in 1973.

The Peronist Restoration, 1973-76

On March 11, 1973, Cámpora won 49.5 percent of the votes in the presidential election following a campaign based on a platform of national reconstruction. Riding a wave of mass support, Cámpora was inaugurated on May 25. The military conceded Cámpora's victory, but strikes, as well as government-backed violence, continued unabated. Cámpora and his coalition supporters refused to intervene before the inauguration. After years of repression, the Peronist masses were delirious at the inauguration. The slogan "Cámpora in government, Perón in power" expressed the real source of popular joy, however. Cámpora's short tenure brought a few popular measures: a general amnesty was declared for all political prisoners, university officials sympathetic to student grievances were appointed, a price freeze was declared on basic food items, and diplomatic relations with Cuba were reestablished.

Perón returned to Argentina on June 20, and his arrival brought about an unexpected crisis. At Ezeiza International Airport an estimated 2 million people gathered to welcome

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Perón. Bullets were exchanged among the demonstrators and between them and the security forces, leaving several hundred people dead and over 1,000 injured. Perón arrived instead at a military base, and on a television broadcast that evening he condemned the demonstrators. Perón delivered a final blow to the Argentine youth movement on May 1, 1974, when he called it "stupid and mercenary."

Increasing violence and a lack of support from Perón forced Cámpora to resign in July, and he was replaced by Raúl A. Lastiri, president of the Chamber of Deputies, who scheduled new presidential elections for September 23. Perón won 61.9 percent of the vote and, with his wife María Estela (Isabel) Martínez de Perón as vice president, was inaugurated on October 12. In his second period in office, Perón was committed to achieving political peace through a new alliance of business and labor to promote national reconstruction. Perón's charisma and his past record with respect to labor helped him maintain his working-class support. In early 1974, however, the economy was on the brink of collapse. As in the 1950s Perón resorted to foreign borrowing in order to subsidize consumption, thereby producing huge budget deficits. Workers' real wages continued to drop as regular wage increases did not keep pace with the rising cost of living.

By early 1974 the Peronist restoration had lost the support of the trade union rank and file and its more militant followers among students and intellectuals. To control workers and activists, the administration resorted to police actions, and a series of reforms of the Penal Code provided the government the legal means to institutionalize the repression. Popular demonstrations became illegal and subject to police intervention; political exiles were repatriated or repressed in Argentina; and the media were placed under state control. Perón was nevertheless able to hold onto his office until he died suddenly on July 1, 1974.

Perón's death precipitated a crisis that could be handled neither by his wife and vice president nor by her adviser, José López Rega. Isabel de Perón was inexperienced in politics and only carried Perón's name; López Rega was described as a man with numerous occult interests, including astrology, and a supporter of dissident Catholic groups. They took power, however, and surprised even Conservative political sectors with an authoritarian, ultraconservative government program designed to end subversion through the use of civilian paramilitary groups, the largest of which was known as the Argentine

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Anticommunist Alliance (Alianza Argentina Anticomunista—AAA), created by López Rega.

The new administration also sought to eliminate leftist influence in education, particularly at the University of Buenos Aires, through the appointment of a group of Conservative officials to the Ministry of Education and to the University of Buenos Aires. Economic policies were directed at restructuring wages and currency devaluations in order to attract foreign investment capital to Argentina. The program soon led to labor reaction. By mid-1975 devaluations had prompted a price explosion that was resented even by organized workers whose wages had benefited from increases. At that point the CGT requested an across-the-board 100-percent wage hike that was rejected by the government, thus prompting labor opposition. Threats of a general strike led to a reshuffling of Isabel's cabinet that failed to satisfy either the CGT or the military leadership, whose allegiance the administration had been so eager to attract. In response to the economic chaos and the lack of government political control of the country, terrorist attacks began to rise. These were led by leftist organizations such as the Montoneros and the People's Revolutionary Army, as well as by the AAA. A general feeling of uneasiness grew as inflation skyrocketed to some 350 percent by the end of 1975.

López Rega was ousted as Isabel de Perón's adviser in June 1975; General Numa Laplane, the commander in chief of the army who had supported the administration through the López Rega period, was replaced by General Jorge Rafael Videla in August 1975. On Christmas Eve, 1975, Videla issued an ultimatum calling for the government "to adopt decisions to resolve the country's problems." On March 24, 1976, exactly 90 days after the ultimatum was issued and shortly after the CGT had demanded Isabel de Perón's resignation, the armed forces removed her from the presidency.

The National Reorganization Process, 1976-83

The Military in Power

The bloodless coup d'état was welcomed by the landed and business interests, most of the middle and working classes, the major newspapers, the church, the UCR, and some Peronists who longed for economic stability and the end of subversion. The military had three major goals: to reorganize the country politically; to end the guerrilla civil war that had

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plagued Argentina since the late 1970s; and to end inflation and the economic chaos inherited from the Peronist administration.

Before Perón's return to the presidency, guerrilla activities had developed among radicalized portions of the middle and working classes and were sometimes sponsored by the Peronists. After a brief interlude, Perón disavowed the activism of the youth movement, which led to a new era of underground terrorism. It reached even larger proportions after Perón's death and undermined the survival of Peronism in Argentina. The government responded by launching a war on subversion and creating its own kind of terror through the use of paramilitary troops such as the AAA (see *The War Against Subversion*, ch. 5).

The political structure of the military regime was legitimized by a constitutional amendment—the Statute for the National Reorganization Process—of March 31, 1976. It established a military junta composed of the commanders of the three armed forces—General Videla, Admiral Emilio Massera, and Brigadier Orlando Ramón Agosti—as the supreme organ of the nation. This body was responsible for the appointment of the president, who held both executive and legislative powers after Congress was dismissed. The Legislative Advisory Committee was created to assist the president in drafting and approving the laws by decree.

The first act of the junta was to appoint Videla to the presidency. He was inaugurated in May 1976 to restructure completely the political, economic, and social organization of the country under the terms of the military's National Reorganization Process (see *Public Industrial Policies*, ch. 3; *Constitutional Provisions and Treaty Obligations*, ch. 5). Once fully vested with power, Videla undertook a war against subversion, which became known as the "dirty war." In August 1978 Videla resigned from the army and from the junta to assume the presidency of Argentina as a civilian. His successor in the junta was General Roberto Viola. During the 1976-79 period, both the government and the guerrillas bypassed all legal limitations and engaged in open warfare. Countless numbers of kidnappings, killings, bombings, and disappearances were charged against both sides. Government counterinsurgency actions were carried out by special paramilitary units under armed forces leadership. The whole repressive network was highly decentralized, which made it very difficult to assemble proof of direct military involvement. In the absence of due process,

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the victims of the dirty war were denied all rights and were subjected to torture at hundreds of special detention centers throughout the country.

With the support of the civilian elites, the military resorted to open violence and complete disregard for human rights. The country was kept under the fear of reprisals because almost any activity could be considered subversive and charged as a crime against national security. The war against subversion was broadened to encompass potentially disruptive elements. Censorship was applied to the media, the universities, and other learning institutions. A more hideous form of censorship that derived from the terror was self-censorship, which proved to be a castrating weapon against scholarship and artistic creation. Many who escaped the terror, along with the few released from prison, emigrated, resulting in a tremendous loss for Argentina. Aside from a handful of people, most of the victims never surfaced again and became part of the estimated 10,000 to 30,000 who "disappeared." Most likely they were executed; their bodies were buried in countless mass graves or, in some cases, dropped into the ocean.

Human rights violations provoked little reaction in Argentina but elicited widespread condemnation abroad. In 1979 a special commission from the Organization of American States (OAS) was sent to Argentina to verify charges of human rights violations. The government acknowledged the existence of 3,500 political prisoners, and it disavowed any responsibility for human rights violations. In June, while prisoners were being tortured and murdered, the government allowed the people to celebrate the World Cup soccer match held in Argentina; the crowd at the stadium was not ideologically homogeneous but could congregate around a common bond of sport. Like the old Roman circus, soccer in Argentina—entertainment for the masses—was used to mask the most abject reality of human rights violations. Despite all the funds expended to present a positive picture of Argentina abroad, the coercion and fears of its citizens were exposed by the international media. It became even more clear that the regime operated through a dual structure—the formal institutional government apparatus and the fearsome informal paramilitary structure.

International criticism attracted attention to the problems inside Argentina and undercut the Videla regime's efforts to cover up its human rights violations. During the 1970s the only domestic protests against the government had been the regular

Thursday vigils of the Mothers of the Plaza de Mayo, who held the administration responsible for the "disappearance" of their sons and daughters. The situation in Argentina ignited criticism abroad, especially in the Federal Republic of Germany (West Germany), France, Mexico, Sweden, and the United States. The United States imposed a series of economic sanctions against Argentina. The moral condemnation of Videla's regime was enhanced in 1980 by the awarding of the Nobel Peace Prize to Adolfo Pérez Esquivel, a poet, human rights activist, and critic of the Argentine government.

Another diversion from the main issues that plagued Argentine political life was a crisis over the territorial dispute with Chile in the Beagle Channel. Arbitration had taken place from time to time since 1902, and by the end of 1978 both countries were preparing to wage war against each other. The crisis developed from a 1973 agreement to accept British arbitration on the basis of a 1902 treaty. The 1976 arbitration award was in favor of Chile's claim and was not accepted by Argentina. Increased tensions were only partially halted in 1979, when both parties agreed to accept the arbitration of the Vatican (see *Relations with Other Countries*, ch. 4).

Despite worldwide disgust, the military regime declared victory in the dirty war against subversion in late 1978. Dissension surfaced within the military junta over the question of the future democratization of the political structure, however. There were three main factions. Generals Videla and Viola led the moderate faction, which sought a certain degree of accommodation with opposition political forces but nevertheless banned labor unions from political activity. The hardliners advocated the continuation of repression through an ideological crusade and were represented by generals Carlos Suárez Mason, Ibérico Saint Jean, and Luciano Benjamín Menéndez. The third group, led by Massera (a member of the junta until August 1978), advocated a conservative alliance with the right-wing Peronists.

To stabilize the economy, Minister of Economy José Martínez de Hoz introduced a series of measures that aimed to reduce the size of the public sector and displace inefficient enterprises in an effort to reverse the long-standing development strategy of import-substitution industrialization. The key elements of the economic program that were pursued between 1976 and 1981 opened the economy to foreign competition (using lower tariffs, lower export subsidies, free mobility of capital, and daily exchange rate adjustments) on the basis of

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international comparative costs and the development of Argentina's most efficient economic sector—export agriculture. It resulted in a series of bankruptcies, and numerous industrial enterprises folded in the presence of foreign competition.

The economic situation in mid-1976—an annual inflation rate of 450 percent, a government deficit equivalent to 13 percent of the gross domestic product (GDP—see Glossary), depleted foreign reserves, and imminent danger of a default on Argentina's international commitments—was short of catastrophic. As a result of three good wheat harvests, the value of exports grew by 116 percent between 1975 and 1978, and in 1978 the nation recorded a favorable trade balance of US\$4 billion. Economic growth was sporadic, however. Real GDP declined by 1.7 percent in 1976, rose by 5.2 percent in 1977, fell again by 3.2 percent in 1978, and then rose once more by 7.3 percent in 1979.

Foreign banks awash with petrodollars deposited by oil-exporting countries promoted a flow of loan capital into Argentina. By 1979 private short-term foreign loans outstanding reached US\$10 billion, three times their level of 1976. These infusions of capital allowed the government to maintain an artificial overvaluation of the peso. At the same time, unemployment was kept at less than 3 percent, although real peso wages were drastically reduced.

By early 1979 the economic policy became a patchwork of measures attempting to reverse a process of decay. Between December 1978 and July 1980, the peso was devalued a total of 87 percent relative to the United States dollar, well below the rise in wholesale prices of 212 percent and retail prices of 256 percent. By 1980 the monetarist policies of Martínez de Hoz had led several more banks and major firms into bankruptcy. Just before leaving the Ministry of Economy in 1981, Martínez de Hoz announced a series of economic measures that included a further 23-percent devaluation of the currency, which dealt a tremendous blow to the military government's public credibility.

By the end of Videla's administration in 1981, the political stability long sought by Argentina had finally been achieved, but at the price of much suffering and injustice. Despite the beginnings of dissension within the military over its future course, the transfer of power to Viola was carried out within the institutional procedures dictated by the National Reorganization Process during the presidential succession of 1981. After his designation as president in March, Viola continued to

meet with the political parties as part of the dialogue initiated by Videla in March 1980. Opposition to the government by both workers and entrepreneurs, however, did not end (see *The End of Military Rule*, ch. 4).

The Viola administration inherited the problem of accounting for the thousands of "disappeared" persons and other charges relating to human rights violations during the dirty war. In February 1981 a report by the United Nations (UN) Commission on Human Rights attested that 13,000 cases had been brought to its attention that included "disappearances" of children, adolescents, pregnant women, and entire families.

Viola was willing to allow for a normalization of Argentina's political life through party and union participation. In July he released Isabel de Perón from house arrest, after which she left for exile in Spain. By mid-month he accepted the formation of what became known as the *Multipartidaria* (Multiparty Commission)—an alliance that included the most important political groups in Argentina: the UCR, the Peronists, the Christian Democratic Federal Union, the Movement for Integration and Development, and the Intransigent Party. The objective of this alliance was to exert pressure on the military for elections without, however, antagonizing the military. The ongoing economic crisis hampered Viola's efforts at liberalization; the *Multipartidaria* was ambiguous about the prospects of assuming power at a time when the whole economic system was collapsing under the weight of inflation, unemployment, bankruptcies, foreign debt, and growing balance of payments deficits. The military establishment for its part resented Viola's overtures toward the civilian political groups. In November the president was taken ill. That same month a mass demonstration for "peace, bread, and work" was held in Buenos Aires with the participation of church, political, labor, and human rights organizations. On December 11 the military forced Viola to resign from office and appointed the army commander, General Leopoldo Galtieri, to the presidency.

Soon after Galtieri's inauguration, the *Multipartidaria* issued a statement that repudiated the military's doctrine of national security and called for national reconciliation, liberalization of the political process, and free elections for 1984. Galtieri's rise to power took place outside the legal procedure of the National Reorganization Process and undermined the legality the military had been so careful to create in 1976. His seizure of power brought a sense of malaise to the Argentine populace, but hard-liner Galtieri was determined to overcome

the odds, become a popular president, and ensure his election to the office in three years. He moved to place civilians at the head of provincial governments, thus trying to move away from military domination of public offices at a time when he also imposed strong economic controls. Meanwhile, triple-digit inflation, numerous currency devaluations, and rising foreign indebtedness and unemployment marked a deepening economic crisis that brought on political crises. On March 31, 1982, a series of antigovernment demonstrations took place throughout the country that were met with force, particularly in the cities of Mendoza and Buenos Aires. The alternatives facing the military ranged from relinquishing power in favor of civilian leaders to the hardening of military rule. In April 1982 the military carried out what proved to be a suicidal move to rally popular support around the government—war.

The South Atlantic War and Its Aftermath

The British-Argentine dispute over the Falkland/Malvinas Islands, as well as four other groups of small South Atlantic islands and part of Antarctica, dates back to the nineteenth century (see *The Dictatorship of Rosas, 1829-52*, this ch.). Argentina based its claim on the islands' discovery by Spain, the British and French recognition of Spanish sovereignty in a series of treaties, the Spanish occupation and administration of the islands from 1774 to 1810, the British recognition of Argentine independence in 1825 without restrictions to Argentine sovereign rights on the Falkland/Malvinas Islands, and the peaceful and undisputed occupation of the islands by Argentina in the 1820s (see *Discovery and Occupation*, this ch.).

Argentina's position on the issue of sovereignty received support from many in the international legal community. The islands were abandoned by Spain in 1811, and Argentina did not occupy them until a decade later. In 1833 the recent Argentine settlers were ousted by the British. Apparently both the Argentine and the British occupation efforts were undertaken in the hope of asserting political rights over the islands. Britain did in fact incorporate the territory into its colonial empire in 1833. The strategic position of the islands relative to the Antarctic continent and their suspected mineral resources lying within the territorial waters would lead the British to defend the territories at high costs nearly a century and a half later.

Argentine-British negotiations, encouraged by the UN,

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opened in 1966 and later broke down, but in 1979 full diplomatic relations were reestablished between Argentina and Britain, and in 1980 both countries resumed talks on the Falkland/Malvinas question. During a round of talks in February 1982, however, Argentina refused to establish a compromise with Britain, and on March 1 the Minister of Foreign Relations Nicanor Costa Méndez of Argentina warned Britain that Argentina would seek other means of settling the dispute. Costa Méndez told the UN Security Council on April 3 that the British occupation of the islands in 1833 had been "an act of usurpation of [Argentine] national territory" (see *Relations with Britain*, ch. 4).

In April 1982 the Galtieri administration sought a way out of political and economic crises by initiating a suicidal war. The military was victorious in the short run, and indeed it rallied popular support around national loyalty. On March 19, less than three weeks after the Argentine warning to Britain, a group of Argentine scrap merchants had landed on South Georgia/Georgia del Sur Island (part of the area under dispute) to dismantle an old whaling station under contract with a Scottish-based shipping firm. The men, who did not carry appropriate visas and work permits, raised the Argentine flag on the island. Reprisal came the following day when a group of Falkland/Malvinas islanders invaded the offices of the Argentine State Airline in the islands' capital of Stanley, replaced the Argentine flag with the British flag, and vandalized the office. Reports of the Stanley incident prompted Argentine naval movements in the South Atlantic, and on April 2 Argentine troops occupied the Falkland/Malvinas Islands.

International reaction to Argentina's deployment of troops was quick to follow. The UN Security Council adopted Resolution 502 on April 3, 1982, which deplored the invasion by Argentina, requested the cessation of hostilities, and demanded the withdrawal of Argentine forces from the Falkland/Malvinas Islands. Resolution 502 was soon invoked by the United States and the European Economic Community (EEC) in their calls for an end to the war. On April 6 Britain imposed a commercial embargo on all Argentine imports, which was seconded by the EEC and followed by Norway, Australia, and the Commonwealth of Nations countries, including Canada and the English-speaking nations of the Caribbean. The Argentine position was defended by a number of Latin American countries; Brazil declared itself neutral. Argentina's refusal to comply with a United States peace initiative prompted United

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States economic sanctions and the end of its officially neutral stance. On April 30 the United States declared a suspension of deliveries of all military hardware in the pipeline to Argentina and the withdrawal of further financial credits and guarantees.

The OAS held an emergency meeting from May 27 to 29 to deliberate on the Falkland/Malvinas crisis, and a resolution was passed that invoked the principle of inter-American solidarity and called for a peaceful settlement. The OAS asked the United States to withdraw its support for Britain and lift its economic sanctions against Argentina. Finally, on June 14 three groups of Argentine troops under General Mario Benjamín Menéndez formally surrendered to the British. The war had been a product of a combination of miscalculations by both the British and the Argentines. On the one hand the British never imagined that Argentina would attempt to take over the islands by force, while on the other hand the Argentines did not expect that Britain would respond with force or that the United States would refuse to take the Argentine side. In the end, about 1,000 people died, scarce resources were spent, and international relations were strained (see *The South Atlantic War*, ch. 5).

For more than two months the propaganda machine in Argentina had worked feverishly. On June 15, however, Galtieri acknowledged the military defeat. It was not only the war that had been lost, but the military's professional competence was also brought into question, as well as its capacity to provide political leadership for Argentina. The war dealt a fatal blow to Galtieri's political aspirations and prompted the president's resignation on June 17. The discussions between the military government and the political parties broke down as soon as news of the military defeat reached Buenos Aires. The frustration of an entire nation could be heard in the demands for the return of civilian rule that was embodied in the *Multipartidaria's* call for elections before the end of 1983.

The war had prompted a last-minute papal visit to Argentina on June 11 and 12. John Paul II denounced all wars and called for peace and reconciliation. The visit itself was a media event. However, it led the Argentine Roman Catholic hierarchy to take a stance against the government in the document "The Path to Reconciliation," which was released two months later. In it the church maintained its position in favor of an end to the state of siege and an investigation into the whereabouts of all those who had "disappeared" since 1976.

On June 21 the United States and the EEC lifted their

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economic embargo on Argentina. Dissension within the military over the appointment of the new president was resolved the following day with the choice of retired general Reynaldo B. Bignone. Even before his inauguration, Bignone stated that Argentina had lived through abnormal days since the military takeover in 1976, and he established contacts with the Multipartidaria, which nonetheless announced the "National Emergency Program" condemning the regime and calling for structural changes in the country's political and economic system. The Multipartidaria program called for the reestablishment of constitutional rights, the end of the state of siege in effect since 1974, and the release of all political prisoners. In the socioeconomic sphere it sought increased consumption, exports, investments, and wages; lower interest rates; protection of industry and agriculture; the rescheduling of the international debt; and improvements in education, housing, and health services.

President Bignone announced the restoration of civilian political activity and stressed Argentina's commitment toward recovering the Falkland/Malvinas Islands in his July 1 inaugural address. Soon afterward he declared that his greatest ambition was to end the National Reorganization Process and hand the government over to an elected constitutional president. The new president had to deal with a series of pressing problems. The fate of the "disappeared" and the military involvement in the dirty war were being questioned, and the government prohibited media coverage of any demonstrations or the publication of any material dealing with subversion. A series of austerity measures were implemented to ease the country's economic problems, but a rescheduling of the foreign debt was needed most (see *Growth and Structure of the Economy*, ch. 3). By 1983 the austerity measures imposed by the Bignone government had produced a favorable trade balance of US\$3.7 billion. A steady decline in imports was largely the result of massive currency devaluations and import controls between 1982 and 1983. The peso fell during that period from 2,000 to 200,000 per United States dollar. However, in the early 1980s the major economic problems were the uncontrolled inflation, which rose from 131 percent in 1981 to 433 percent in 1983, and Argentina's ability to keep up with payments on its foreign debt, which reached US\$45 billion in 1983.

Several demonstrations were organized by trade unions, church, and human rights groups in late 1982. In October a

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demonstration at the Plaza de Mayo brought together over 10,000 people, and another large Peronist meeting was held at a soccer stadium in Buenos Aires. In November 20,000 people protested against higher city taxes in Buenos Aires. In December there were two major demonstrations: a general strike supported by the Multipartidaria and observed by 90 percent of the work force, and a demonstration at the Plaza de Mayo, where about 300,000 people gathered to call for democracy. Under increasing popular pressure, Bignone announced in February 1983 that elections for a civilian government would take place on October 30 and that the inauguration of the new president would be held in January 1984.

In March the government experienced difficulty in meeting its international debt obligations. After a series of negotiations with the International Monetary Fund (IMF—see Glossary) that led to Argentina's agreement to take drastic measures to bring its inflation rate down to a 160-percent annual rate, a rescheduling of its short-term debt was achieved in August.

As the election of a civilian government approached, the military created mechanisms to protect itself from future acts of vengeance. Thus in April 1983 the military junta issued the *Final Document of the Military Junta on the War Against Subversion and Terrorism* in which it disavowed government responsibility for the excesses committed during the dirty war and emphasized its role in the struggle against violence and subversion, while praising the armed forces. In September the administration passed an amnesty decree, called the Law of National Pacification, which exempted from responsibility and prosecution all those involved in the repressive apparatus, and also the "Antiterrorist Law," which gave the security forces the power to tap telephones, search private houses, make arrests without the need for a warrant, and hold suspects without charges for a period of 10 days. The law was designed as a legal instrument to control violence and provide for a peaceful transition to democratic rule. Discontent grew stronger as a result of these legal provisions, and the wave of protests and strikes intensified. On October 29 the state of siege was finally lifted.

The electoral campaign did not initially engage all Argentines, who were preoccupied with day-to-day problems of inflation and repression and held a certain amount of pessimism about the prospects of civilian rule. But as the campaign developed and candidates were nominated by the different parties, pessimism gave way to enthusiasm. On October 30 Raúl Alfonsín of the UCR received an absolute majority of the popular

Historical Setting

vote, despite the crowded field of candidates for the presidency. On December 9, the military junta was dissolved. One day later, Alfonsín was inaugurated and a new era of democratic rule began in Argentina (see *The Politics of Democratic Restoration*, ch. 4).

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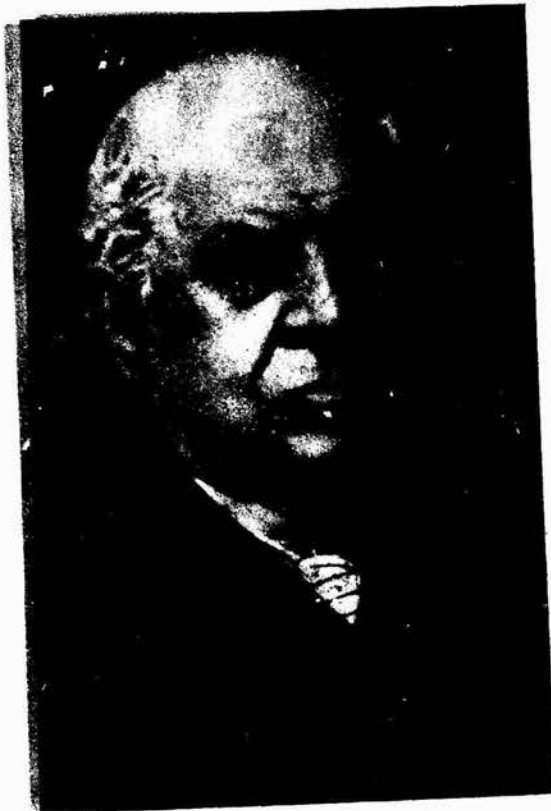
There is a wealth of historical literature on Argentina, and both Argentine and foreign scholars have produced important analyses of the country's evolution. Among the general introductions, the most outstanding is James R. Scobie's *Argentina: A City and a Nation*, which focuses on the struggle between the port city of Buenos Aires and the interior. To supplement Scobie's book for more recent developments, there is William F. Sater's *The Southern Cone Nations of Latin America*. The best English-language in-depth history of Argentina, from preconquest times to the early twentieth century, is Ricardo Levene's *A History of Argentina*.

Among the best analyses of specific aspects of Argentine history are John Lynch's *Argentine Dictator: Juan Manuel Rosas, 1829-1852*, Scobie's *Revolution on the Pampas: A Social History of Argentine Wheat, 1860-1910*, and José Luis Romero's *A History of Argentine Political Thought*. Lynch's book presents a detailed analysis of the Rosas period and the emergence of militarism and repression, which remain relevant to developments in recent Argentine history. The book by Scobie is another outstanding contribution to the understanding of the structural changes that have shaped modern Argentina. Romero's book complements Scobie's in providing insight into the emergence of Argentine modern political thought and party politics.

The emergence of the middle classes and that of the army in Argentina have been widely researched. Among the best works on the period of the early twentieth century to the present are Robert A. Potash's *The Army and Politics in Argentina, 1928-1945*; Félix Luna's *Argentina de Perón a Lanusse, 1943-1973*; Pierre Lux-Wurm's *Le Péronisme*; Donald C. Hodges' *Argentina, 1943-1976: The National Revolution and Resistance*; and Alain Rouquié's *Pouvoir militaire et société poli-*

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tique en République Argentine. These are all outstanding works that center the evolution of Argentine history on the rise and the political significance of the military in Argentina and cover the most important aspects of Argentina's social, political, and economic developments as well. A recent addition to the literature on Argentina from colonial times to the present is Juan E. Corradi's *The Fitful Republic: Economy, Society, and Politics in Argentina*. It presents a survey of the relevant political roles played by different interest groups in promoting the alternation of authoritarianism and political chaos during the development of modern Argentina. (For further information and complete citations, see Bibliography.)



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Chapter 2. The Society and Its Environment



Gaicho drinking traditional yerba maté

ARGENTINE SOCIETY IN THE MID-1980s was affected by rapid change as a result of the deepening economic crisis and the return to democratic rule upon the 1983 election of a civilian president, Raúl Alfonsín. The military government's National Reorganization Process had taken place from 1976 to 1983 as the nation suffered widespread human rights violations stemming from the junta's efforts to stamp out opposition. Deep wounds were inflicted on the national psyche by the disappearance of an estimated 30,000 Argentines during this period, the disappearance of nearly one-third of which were fully documented by a presidential commission. The fate of the so-called *desaparecidos* (disappeared persons) caused an international outcry and, together with seemingly uncontrollable economic problems and military defeat in the 1982 South Atlantic War, was a major factor behind the demand for a return to democratic civilian government.

The diversity of Argentine society is shaped in part by the major geographic and climatic contrasts that characterize the country. Argentina's distinct regions range from the Andean altiplano, or high plateau, of the Northwest provinces of Salta and Jujuy to the tropical jungle of the Gran Chaco and the cold sheep-raising country of Patagonia in the south. Perhaps best known are the pampas, among the world's most fertile agricultural lands, which are devoted to grain and cattle raising, and Greater Buenos Aires and the Littoral, where large concentrations of wealth, industry, and population are found.

Other significant determinants of Argentine society were the nineteenth-century efforts by the elite to rid the country of its Indian population and encourage the immigration of large numbers of Italians and Spaniards. Greater Buenos Aires became a primate city that in the mid-1980s contained 48 percent of the national population. The population came to be heavily concentrated in the area between Concordia (in the province of Entre Ríos) and Bahía Blanca (in southern Buenos Aires Province), leaving the rest of the country thinly populated or, in some areas, virtually uninhabited. Illegal aliens became a problem as a result of economic pressures in neighboring countries. *Porteños*, as inhabitants of the port of Buenos Aires were known, looked down on the indigenous population from the northern provinces, which came to be called the "*cabecitas negras*" (the black-haired).

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During the 1970s wealth came to be more concentrated in the hands of a minority. The landed elite continued to exercise considerable power while the urban poor tended to become poorer still. The problems of hunger and malnutrition became so acute among certain sectors of the population that the Alfonsín government found it necessary to distribute food to 20 percent of Argentine families. *Villas miseria*, or shantytowns, sprang up on the edge of urban areas throughout Argentina.

The foreign debt, inflation, economic recession, and high rates of unemployment and underemployment necessitated drastic economic measures, including wage and price freezes implemented by the Alfonsín government in June 1985. The social impact of these and other steps taken to solve Argentina's problems could only be assessed over time.

Women came to exercise increasing influence on Argentina's political, social, and economic life. Two wives of President Juan Domingo Perón—Eva Duarte de Perón in the late 1940s and María Estela (Isabel) Martínez de Perón in the mid-1970s—played decisive roles in national policy and aroused the consciousness of the nation's women of their own ability to effect change. A very different kind of influence was that of those known as the Mothers of the Plaza de Mayo, who fought unrelentingly to end human rights abuses and hold the former military governments accountable for their missing loved ones. Yet another major factor in social change in Argentina in the mid-1980s was the substantial number of bright, highly educated women who increasingly assumed positions of power in a variety of institutions.

What had been one of the best educational systems in Latin America was undermined, and it deteriorated as a result of severe repression during the late 1970s and early 1980s. Among the targets of the repression were the university assemblies, which attempted to make possible the cogovernance of the universities by faculty and students. New changes and an effort to make higher education available to a broader segment of the population were initiated by the new civilian government.

In the mid-1980s the Argentine health care system suffered an embarrassment of riches from the overabundance of professionals; doctors outnumbered nurses two to one. Yet, inefficient and unequal distribution of health care and welfare resources meant that adequate assistance was by no means available to all.

Argentina in the mid-1980s was a society of contrasts and

dilemmas. It held the advantage of having many trained and capable people but suffered from a plethora of difficult social and economic problems. Just solutions were not easy to find.

Topography and Climate

Argentina, covering an area of 2,771,300 square kilometers, is the second largest country in Latin America, after Brazil, and the eighth largest in the world (see fig. 4; fig. 5). It occupies most of the southeastern part of the continent of South America and resembles either a giant cornucopia or a wedge having its base near the Tropic of Capricorn and its point aimed at Antarctica.

Officially, Argentina's total area exceeds 4 million square kilometers. Of these, over 1.2 million square kilometers correspond to the insular and antarctic territories that are part of the Federal Territory of Tierra del Fuego. (The Argentine government adds "Antarctica and the Islands of the South Atlantic" to the name of this territory.) It includes the eastern portion of the Isla Grande de Tierra del Fuego, Isla de los Estados, Falkland/Malvinas Islands, South Georgia/Georgia del Sur Island, South Orkney/Orcadas del Sur Islands, South Sandwich/Sandwich del Sur Islands, South Shetland/Shetland del Sur Islands, and a wedge-shaped sector of the antarctic continent lying to southeast of Cape Horn and extending southward to the South Pole. Only the eastern portion of the Isla Grande de Tierra del Fuego and the Isla de los Estados were claimed without dispute; Chilean and British claims in Antarctica overlapped with Argentina's, and Britain effectively controlled the other South Atlantic islands claimed by Argentina.

Argentina shares land borders with five nations. To the west and south it is bounded by Chile; to the north, by Bolivia and Paraguay; and to the east by Brazil, Uruguay, and the Atlantic Ocean. Argentina's eastern border runs east and then south from the Iguazú Falls along an estimated 1,000-kilometer river border with Brazil that follows the Río Iguazú, Río San Antonio, Río Pepiri Guazú, and Río Uruguay. Farther south it shares a 784-kilometer river border with Uruguay along the Río Uruguay and the Río de la Plata estuary. Argentina's Atlantic coastline measures 2,850 kilometers.

The altiplano (high plateau) of the Andes mountains forms the northern border with Bolivia. To the east Argentina shares over 1,500 kilometers of its northern border with Paraguay

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Figure 4. Terrain and Drainage

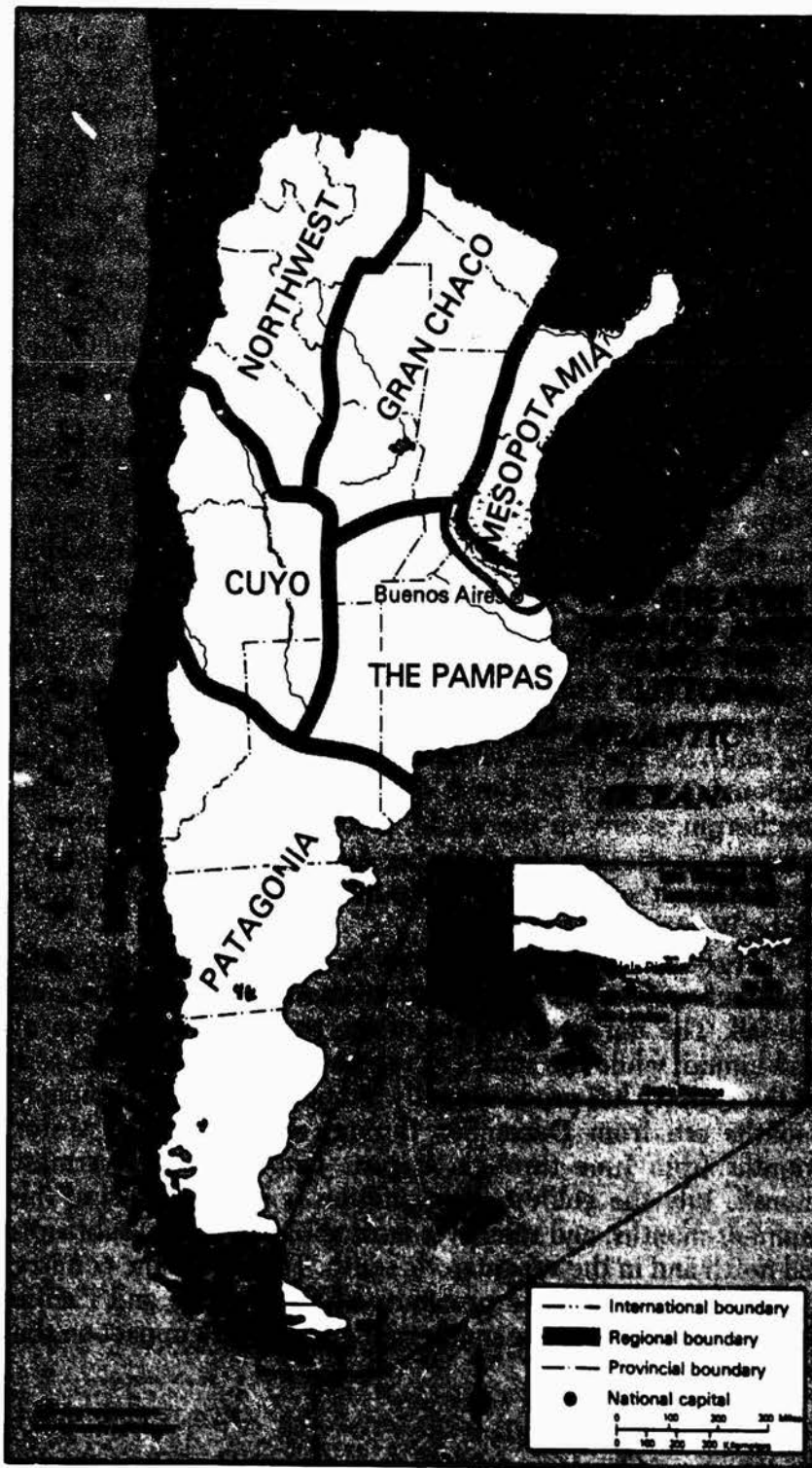


Figure 5. Regions

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demarcated by the Río Pilcomayo, the Río Paraguay, and the Río Alto Paraná. The Andes mountains also form the western border with Chile, running southward the length of the Argentine-Chilean border until south of the town of El Turbio in the Argentine Andes, near the source of the Río Gallegos. From there the border moves eastward and then southeast, reaching the Atlantic Ocean at the eastern mouth of the Strait of Magellan. The border with Chile continues southward across the strait in a line ending at the Beagle Channel, which divides the Isla Grande de Tierra del Fuego between Argentina and Chile. The triangular eastern part of the island is Argentina's National Territory of Tierra del Fuego.

Argentina has a wide variety of topographical, ecological, and climatic features. Nearly all of Argentina lies south of the Tropic of Capricorn, which marks the boundary of the southern edge of the tropics. The northwestern part of Argentina consists of a dry Andean plateau that lacks vegetation; to the east lie the subtropical jungles of the provinces of Chaco and Misiones, where the majestic Iguazú Falls (composed of 275 separate falls) is found. The country's central region, known as the pampas, is one of the world's most fertile prairie lands. To the south are the bleak, windswept Patagonian steppes and the National Territory of Tierra del Fuego, where Ushuaia, the southernmost city in the world, is located. Along Argentina's western frontier are the towering Andes mountains, which include Cerro Aconcagua; at 6,980 meters it is the highest peak in the Western Hemisphere.

Argentina lies almost entirely in the southern temperate zone but registers considerable variations in temperature and rainfall. The northern regions of the country are subtropical and humid, while the southern region is subantarctic. The rest of the country has predominantly temperate weather. Summer months are from December through February and winter months from June through August. January is the warmest month, July the coldest. Precipitation is heaviest during the summer months, and rainfall is most abundant in the subtropical north and in the subantarctic south. The rest of the country is arid or semiarid. The proximity of the Atlantic and Pacific oceans, especially in the southern regions, has an impact on the weather.

The Northwest

The Northwest region of Argentina, which includes the

provinces of Catamarca, Jujuy, La Rioja, Salta, and Tucumán, is dominated by the Andes. In this region mountains nearly 7,000 meters in height and high basins separated by short, steep ranges are found, as is a cold, dry desert area known as the Puna, which extends northward from Catamarca to Bolivia. There are two major cordilleras, or subranges: to the west the Salta-Jujeña, cut by canyons through which run small rivers that originate in the high desert plateau, with average altitudes above 3,600 meters and peaks reaching over 5,500 meters; and the Sierra Subandinas to the east, where many of Argentina's highest peaks are found. Among these are Cerro Dos Conos, rising to an altitude of 6,820 meters, and Cerro Llullailaco, 6,684 meters high.

This was the first region settled by the Spanish colonists in the Argentine territory during the sixteenth century, and up to the early nineteenth century it had strong economic links, through the Andean highlands, with the silver-mining communities of Bolivia and with Lima, the capital of the Viceroyalty of Peru. In the 1980s cattle ranches; sugarcane, citrus, and tobacco plantations; vineyards; olive trees; and vegetable farms were found in the region's valleys and piedmonts.

Cuyo

The Cuyo region, in the central part of the Argentine Andes, consists of the provinces of San Juan, San Luis, Mendoza, and western La Pampa. This area was settled during the late sixteenth century primarily by colonists from the central valley of Chile. In this region the Andes become a single, towering range with peaks higher than 6,600 meters. Discontinuous desert ranges extend east of the main range into the eastern plains, separated by a number of small desert areas. The mountains take on the characteristic forms of glacial mountains: gaps in ridges, horns, steep hollows, glacial troughs, and hanging valleys. Argentina's highest peaks are found in this range, including Cerro Aconcagua. A few kilometers south at an altitude of 3,800 meters is Uspallata Pass, also known as the Camino de los Andes, through which railroad and highway traffic travel to and from Chile.

The Río Desaguadero and its tributaries, the Río Jachal, Río San Juan, Río Mendoza, Río Tunuyan, Río Diamant, and Río Atuel, help water the sandy deserts of this region. Extensive irrigation has produced flourishing agriculture, especially vineyards and fruit trees. Almost all the agricultural produc-

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tion of these provinces relies on irrigation that channels the melting snows from the nearby Andes. The sandy soils, dry climate, average year-round sunshine, and infrequent rains, which guarantee a high production of grapes, have enabled the province of Mendoza to become the heart of the Argentine wine district, producing nearly 80 percent of the country's wines.

Gran Chaco

The Gran Chaco, in north-central Argentina, is the southern portion of South America's tropical Gran Chaco—a hot region covered mostly by thorny scrub. The entire Gran Chaco region covers an area of some 160,000 square kilometers and is shared with Bolivia, Brazil, and Paraguay. It is bordered on the north by Brazil's Mato Grosso, on the east by the Río Paraguay, on the west by the Andes mountains, and on the south by Argentina's Río Salado. The Spanish word *chaco*, which literally means hunting area, refers to the flat jungle plains that characterize the region and are subject to annual floods from the rivers that cut across them.

The Argentine part of the Gran Chaco includes the provinces of Formosa, Chaco, Santiago del Estero, northern Córdoba, and northern Santa Fe. Mostly a tropical and subtropical jungle, this region is also known for the resin of a tree, the *quebracho*, that produces a tanning substance important to the leather industry, as well as for the high quality of its woods. When part of the forest was cleared, settlers came in and developed lumber mills, cotton farms, and other subtropical agricultural enterprises. Cities were also established along the riverbanks or the railroad lines.

This region is rich in high-volume, navigable watercourses, which are part of the Río de la Plata basin and generate floods during the rainy season. Among the most important of these is the Río Pilcomayo on the northern border with Paraguay, whose waters converge into the Río Paraguay. The Río Bermejo, together with various tributaries, also empties into the Río Paraguay. Finally, the Río Paraguay and the Río Alto Paraná merge to produce the Río Paraná, one of the nation's most important waterways.

Mesopotamia

The region of Mesopotamia, which derives its name from

the Greek words *mesos* (middle) and *potamos* (river), is located on northeastern lowlands between the Río Paraná and the Río Uruguay until they converge into the Río de la Plata. The region includes the provinces of Entre Ríos, Corrientes, and Misiones and is characterized by rolling hills and high rainfall.

The province of Misiones in the narrow northeastern part of this region, which narrowly projects into Brazil and Paraguay, corresponds to the small Argentine section of the Paraná plateau, composed of sandstone and basalt and covered by subtropical forest cut by rapidly running rivers. Among these is the Río Iguazú, which is four kilometers wide near its convergence with the Río Alto Paraná and drops over 60 meters, producing an impressive waterfall. The economy in Misiones relies heavily on tourism and various lumber mills and agricultural plantations that have been developed especially to cultivate yerba maté tea and subtropical fruits.

The provinces of Corrientes and Entre Ríos are characterized by cattle ranches and grasslands that provide pasture. They are among the leading wool-producing areas of Argentina. The southern part of the region, where the Río Paraná joins the Río Uruguay to make the Río de la Plata, is swampy and covered by many small natural channels that are part of the Río de la Plata estuary.

Greater Buenos Aires and the Littoral

Greater Buenos Aires (Gran Buenos Aires, or Buenos Aires Metropolitan Area) is a 2,500-square-kilometer area situated on the southern banks of the Río de la Plata and includes the nation's 200-square-kilometer Federal District and the 19 adjoining *partidos* (districts) in the province of Buenos Aires. The Federal District is the seat of the central government as well as the headquarters of the nation's most important public and private sector enterprises in all economic fields. It also contains one of the nation's most important seaports and one of South America's most important railroad terminals.

Greater Buenos Aires, as well as most of the eastern areas of the Southern Cone, of South America, grew as a consequence of the development of port facilities in the Río de la Plata estuary. Founded in the 1530s, the port of Buenos Aires was strategically located at the natural entrance to the heartland of the southeastern section of South America at the mouth of the Río de la Plata basin. This river basin is the largest in Argentina, draining an area of over 3.1 million square kilome-

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ters that includes substantial parts of Bolivia, Brazil, Paraguay, and Uruguay. Many of the tributaries of the Río de la Plata are navigable by oceangoing vessels.

Although Greater Buenos Aires occupied only 0.09 percent of the national territory, when combined with the interconnected urban areas that stretch up to San Lorenzo to the northwest and to the city of La Plata in the southeast, it formed one of South America's largest megalopolises. This urban corridor, commonly known as the Littoral, stretches 500 kilometers along the western banks of the Río Paraná and the Río de la Plata and contains some 70 percent of the country's industrial concerns. Argentina's first colonial *estancias* (farms or ranches) were established in the Littoral during the eighteenth century, and subsequently they expanded westward from the banks of the Río Paraná into the pampas.

The Pampas

The pampas, described by many as the heartland of Argentina and considered by others to be among the richest farmlands in the world, are the estimated 57 million hectares of rich and fertile alluvial plains situated in central Argentina within a 580-kilometer radius of Buenos Aires. They include the provinces of Buenos Aires, eastern La Pampa, southern Córdoba, and southern Santa Fe and are bordered on the west by the Andes mountains, on the north by the Gran Chaco, on the east by the Río Paraná, and on the south by the Río Colorado.

The pampas region is flat and fertile, with temperate climate, moderate winds, and adequate rainfall. The greater part of the land is at sea level or at altitudes under 100 meters. Drainage tends to be poor. Argentines usually subdivide the region into two areas, the humid pampa (*pampa humeda*) and the dry pampa *pampa seca*. The humid pampa, located along the Atlantic Ocean and in the areas east of Greater Buenos Aires and west of Córdoba, contains Argentina's most fertile lands and has an average annual rainfall of 1,000 millimeters. The semiarid dry pampa, closer to the Sierra de Córdoba and to the eastern piedmont of the Andes mountains, is increasingly drier as one moves to the west, receiving an average rainfall of 600 millimeters.

At least three different areas can be distinguished within the humid pampa, based on topographical, ecological, and economic criteria. Among these are the northern area, devoted to the cultivation of grain for export; the Buenos Aires hinterland,

mostly devoted to truck farming and to the dairy industry; and the eastern area, cooler and poorly drained and used for livestock breeding, raising, and fattening. The entire humid pampa is subdivided into hundreds of privately owned *estancias* that range in size from hundreds to thousands of hectares.

Near the pampas region, and serving its grain and livestock industries, are Argentina's four largest ports. Rosario and Santa Fe are river ports located on the western bank of the Río Paraná; in the mid-1980s more than 58 percent of the nation's grain export production was shipped from those ports. Bahía Blanca, the third, is an ocean port complex situated in the southern part of the province of Buenos Aires and in the mid-1980s handled 20 percent of Argentina's cereal exports. This is Argentina's only port where most of the largest ships can be fully loaded without risking embankment. Buenos Aires, the fourth, handled 15 percent of the nation's grain production in the mid-1980s. Rosario and Buenos Aires rely heavily on artificial deep channels that have to be periodically dredged because of the sediment deposited by the Río Paraná. Despite such dredging, the largest ships cannot leave these ports fully loaded (see Transportation, ch. 3).

Patagonia

Patagonia, Argentina's southernmost region, covering an area of over 690,000 square kilometers, is a series of wind-swept plateaus rising from the edge of the Atlantic Ocean toward the eastern slopes of the Andes that is crossed by a succession of steep cliffs and flat-bottomed, deep canyons. Some rivers, especially in northern Patagonia, however, flow eastward across the plateau in low, wide valleys. Near these rivers vegetable farms and fruit orchards have developed as a result of extensive irrigation and agricultural projects. Among the most important are the Río Colorado (1,300 kilometers long) and the Río Negro (700 kilometers), which is fed by the Río Neuquén (500 kilometers) and the Río Limay (400 kilometers). Rivers farther south include the Río Chubut (400 kilometers) and the shorter Río Deseado, Río Chico, Río Santa Cruz, and Río Gallegos.

Patagonia covers all the territory south of the Río Colorado, including the areas between the Andes to the west, the Atlantic Ocean to the east, and north of the Beagle Channel. Administratively it includes the provinces of Nuequén, Río

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Negro, Chubut, Santa Cruz and, crossing the Strait of Magellan, the eastern part of the Isla Grande de Tierra del Fuego.

In southern Patagonia glacial and volcanic formations dominate the landscape. There are forests on the slopes, and snow blankets the summits. The mountains, although lower, tend to be snow covered, and glaciers sometimes meet the Atlantic Ocean. Even in the lowlands the temperatures are too cold for the growth of crops, but natural grasses (for animal fodder) are widespread. Since the end of the nineteenth century, the Río Chubut valley and the area to its south have accommodated sheep breeding. Patagonia's plateaus, canyons, and cliffs were inhabited by millions of sheep, making Argentina the world's fourth largest wool producer.

Farther south, southeast of the Strait of Magellan, begins the Federal Territory of Tierra del Fuego. Prosperous cattle farms and sawmills have been established on the Isla Grande de Tierra del Fuego. As of mid-1985 Ushuaia, the federal territory's capital located on the northern bank of the Beagle Channel, was the world's southernmost permanent settlement. The name Tierra del Fuego (land of fire) was given by Portuguese navigator Ferdinand Magellan during his first trip around the world after he saw the hundreds of fires that the Shelknam Indians lit at night. Neither Argentine territorial claims in Antarctica and the South Atlantic Ocean nor those of Britain were recognized by the United States.

Ethnic Categories and Population

The United States Bureau of the Census estimated the mid-1985 population of Argentina at 30.7 million persons. This constituted a growth of 480,000 from its mid-1984 estimate, representing an annual rate of growth of 1.5 percent. The official Argentine government census conducted in 1980, however, counted 27.9 million Argentines, 83 percent urban, and a national population density of 10 per square kilometer. Population distribution varied widely throughout the nation. Population was most heavily concentrated in the Federal District, where it reached a density of 14,651 per square kilometer, and was most widely dispersed in the Patagonia region, where the average density was less than 1.4 per square kilometer (see table 2, Appendix).

The Native Argentines

Argentina's demographic history is enigmatic. The current territory was colonized by the Spanish in the sixteenth century from three fronts: the Bolivian altiplano and the Mendoza highlands in the western Andes and through the various rivers that make up the Río de la Plata basin in the east. In all of their expeditions the European colonists found various Indian ethnic groups. The Spanish settled mostly in the agricultural oases of the central and northern Andes, leaving the entire area of the pampas unoccupied. European colonization was not altogether peaceful. After the founding of the first Argentine urban centers during the early sixteenth century, the relationship in the 600,000-square-kilometer area between the cities of Concordia (bordering Uruguay, in the province of Entre Ríos), Córdoba, and Río Cuarto (both in the province of Córdoba), and the Atlantic Ocean port of Bahía Blanca. Two-thirds of the national population, hence, lived in 21 percent of the national territory.

In the mid-1980s, during the presidency of Raúl Alfonsín, some 10,000 of the estimated 60,000 to 80,000 Argentine political exiles returned to Argentina—many as a result of the government's policies of encouraging their return and of restoring citizenship to all Argentines who had been deprived of it by the previous military government. Other exiles were able to return upon receiving financial assistance from the United Nations High Commissioner for Refugees.

Social Stratification

A major goal of the Argentine government during the mid-1980s was to control the severe economic crisis that had drastically reduced the population's standard of living during the past decade. According to Argentina's National Institute of Statistics and Census, the 1974-based consumer price index (1974=100) was over 56 million by April 1985. During the first four months of 1985, consumer prices went up by 147 percent while salaries were increased by only 90 percent of this rate (see *Growth and Structure of the Economy*, ch. 3). In June 1985 the Argentine government introduced and began enforcing new, harsh economic measures aimed at controlling the over 25-percent monthly inflation rate (which, when compounded, was equivalent to an annual rate of over 1,000 percent). These measures included a freeze on wages and prices, an end to indexing of wages and prices, devaluation of the

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national currency, and introduction of a new national currency. For the Argentine worker, however, the new measures meant an end to automatic salary increases and a sudden decrease of over 20 percent of purchasing power.

Severe restrictions on sociological research and censorship on the distribution of sociological literature were enforced during the military administrations that ruled the country from March 1976 to December 1983. Government agencies stopped releasing reliable socioeconomic indicators. These years were a time of severe human rights violations and, especially after 1979, worsening economic conditions, an overall deterioration in the quality of life, and increased poverty and malnutrition throughout the country (see *The National Reorganization Process, 1976-83*, ch.1). Only during the mid-1980s did the first academic publications describing these processes begin to appear.

According to various government figures, poverty and hunger increased in Argentina during the 1970-80 decade. In 1980 close to 28 percent of the national population was living below the poverty line, compared with 7 percent estimated a decade earlier. Of those below the poverty line, 42 percent lived in rural areas, mostly in the Northwest, 25 percent in urban areas of under 10,000 inhabitants, and 33 percent in larger urban centers. Sixty-six percent of the nation's poor were regularly employed in jobs with very low salaries, 24 percent declared themselves self-employed (which included a considerable number of the underemployed), 9 percent were retired, and only 1 percent claimed to be unemployed. Argentine sociologist José Luis de Imaz was more skeptical. Commenting on these figures, he suggested that during the 1970s there was an increase in impoverishment, but in relative rather than in absolute numbers.

In 1985 newspaper sources reported that humanitarian organizations estimated that some 35 percent of Argentine children were suffering from malnutrition. This led the Alfonsín administration to launch a monthly food distribution program in mid-1984 that served 1 million families (16 percent of the national population) with 14-kilogram boxes of food.

Income Distribution

During the mid-1980s most of the available published data on income distribution were based on analyses made during the early 1970s. Because of the lack of homogeneous indica-

tors and existing differences among various sources, data on income distribution should be used with caution.

According to the World Bank's *World Development Report, 1984*, Argentina's income distribution continued to be unequal. Working with 1970 data on household income, it reported that the wealthiest 10 percent of the population received 35.2 percent of the national income, whereas the poorest 20 percent of the population received only 4.4 percent of the total income.

An example of Argentina's unequal distribution of income was found in a study of income distribution in Greater Buenos Aires made between July 1969 and June 1970, prior to the worsening economic conditions of the 1970s. This study found that the poorest 10 percent of the population of Greater Buenos Aires received 2 percent of the city's income, while the wealthiest 9 percent received 28 percent. The city's average income for all percentage categories during the research period was 12,695 pesos (for value of peso—see Glossary). The poorest 10 percent of the population, however, had an average income of 5,004 pesos, while the wealthiest 9 percent of the population had an average income of 38,068 pesos.

In evaluating the years 1976-81, which corresponded to the government of General Jorge Rafael Videla, economists Arthur J. Mann and Carlos E. Sánchez suggested that a significant movement toward greater income concentration, a process that also adversely influenced the level of aggregate demands, took place. Another study, conducted in 1983 by economist Alvaro Orsatti, found that in 1976 the ratio of salary to national income dropped to its lowest levels in Argentine history. During 1975 and 1976, after salaries had been frozen and free market policies adopted, the salary-to-national-income ratio fell from 49 percent in 1974 to below 32 percent. By 1980 the ratio had begun to recover, reaching 41.5 percent, but it subsequently fell again.

The Upper Class

The composition of Argentina's upper class has been changing throughout the twentieth century. Exclusively composed of the *estancieros* (owners of farms and ranches) of the pampas at the turn of the century, the upper class shared power with other groups in the 1980s by including the nation's new industrial and commercial entrepreneurs and, later, high-ranking military officers and financial tycoons. In the mid-

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1980s the core of the Argentine elite continued to be the families of immigrant origin who based their social prestige on the ownership of large landed estates.

The *estancieros*, sometimes referred to as "the beef barons of Argentina," traditionally enjoyed the highest social status. Some sources claimed that the agricultural elite consisted of a closely knit group of some 30,000 families who were increasingly associated with other powerful national and international interests and who controlled the nation's most productive land. Their holdings averaged 10,000 hectares in size but ranged up to a few million hectares. *Estancieros* were associated with the Argentine Rural Society, a powerful lobby group of agricultural and livestock interests, and other interest groups (see Business Groups, ch. 4).

Residence in one of Buenos Aires' exclusive neighborhoods, such as the Barrio Norte, and the holding of a senior governmental position were important indicators of elite status. The upper class was flexible enough to incorporate successful industrial entrepreneurs of immigrant extraction who had acquired wealth and prestige by participation in entrepreneurial ventures.

Commercial, financial, and industrial entrepreneurs had achieved an important position in Argentina's social structure, sharing many of their political concerns with the agricultural elite but also differing from them on other issues. However, as was the case with the *estancieros*, the entrepreneur group was highly heterogeneous. Its members, which included owners and senior executives of smaller or average-sized low-technology, mass-consumption industries, as well as those from high-technology industries or multinational corporations, were usually associated with the Argentine Industrial Union.

Kinship and intermarriage among members of the economic elite were also important. Caviedes commented in 1983 that an analysis of the kinship structure and power bases of the Argentine elite demonstrated its intertwined interests within the governmental, industrial, financial, intellectual, and public spheres. Well-placed relatives in a large number of interlocking corporate directorates, as well as in governmental and financial circles, were expected to superimpose their family interests on those of the nation as a whole.

The various economic and financial crises during the 1970s resulted in a considerable amount of capital flight out of Argentina (see Balance of Payments, ch. 3). The upper class reacted by opening foreign bank accounts. Estimates of the

amount deposited overseas varied. One 1984 press account reported that Argentine bankers and financiers had sent abroad some US\$40 billion in personal assets and that capital flight continued unabated. Another source suggested that in 1983 alone, Argentina lost between US\$1 billion and US\$2 billion through the flight of capital abroad.

The Middle Class

Argentina in the mid-1980s was characterized by a large and highly heterogeneous middle class constituting from 35 to 40 percent of the national population, its members residing in both urban and rural areas. The urban middle class was fundamentally composed of self-employed professionals, civil servants, white-collar private sector workers, the owners of small-scale industries or businesses, and the managers of service and manufacturing firms. The rural middle class, which was largely between the conquistadores and the various Indian ethnic groups deteriorated. This was followed by some 300 years of often violent confrontation, economic exploitation, political control, and racial discrimination, which climaxed with the Indian massacres conducted especially under the governments of two Argentine presidents, generals Juan Manuel de Rosas during the 1830s and Julio Argentino Roca during the 1880s (see *The Dictatorship of Rosas, 1829-52; "Facundo" Versus "Martín Fierro,"* ch. 1). In an effort to modernize the country through the "conquest of the desert" (the name then given to the pampas), these two presidents defeated the Indian population that lived in this region, thus ending the series of Indian wars that characterized Argentina until this period. Their policies brought about the near annihilation of the Indian population.

In 1981 anthropologist Andrés Serbín published a study of the 15 Argentine Indian societies and cultures that survived the nineteenth-century onslaught. In 1973 some 150,000 native inhabitants lived in rural villages, and an additional 350,000 monolingual or bilingual Indians had migrated to various towns and cities. Serbín acknowledged that there were demographic, geographic, economic, and political dissimilarities among the different Indian groups. As of the early 1980s Indian societies lived mostly in the far northern and southern areas of the country. Some Indian languages were still spoken as first or second languages in certain areas: Quechua was widely spoken in the northwestern provinces; Chiriguan,

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Choroti, Mataco, Mocovi, and Toba in the Gran Chaco; Guaraní in Mesopotamia; Araucano-Mapuche and Tehuelche in the pampas and in Patagonia; and Yamana, Ona, and Shelknam in the Isla Grande de Tierra del Fuego. Living conditions were difficult for many of these societies. In addition to their geographical isolation, for example, those who lived in the jungle area of the Gran Chaco were exposed to the annual river floods that destroyed their agricultural fields and to various endemic and tropical diseases, including tuberculosis and Chagas' disease.

Based exclusively on the language criterion, the largest Indian groups included the Colla, who lived on the Andean altiplano (35,100 in number); the Chiriguan in the Gran Chaco (23,700); and the Araucan-Mapuches in Patagonia (21,600). An undetermined number of Indian neighborhoods, usually shantytowns, were reported to exist in various cities. Argentina also hosted a relatively large number of foreign Indians, especially from Chile, Bolivia, and Paraguay, who immigrated to seek better working conditions.

The European Immigrants

Argentina was colonized by the Spanish during the sixteenth, seventeenth, and eighteenth centuries, creating important settlements, most of which were in the Andes mountains (see *Discovery and Occupation*, ch. 1). Until the late eighteenth century the Argentine territory was administratively and politically dependent on Lima, the capital of the Viceroyalty of Peru. In 1776 Spain subdivided the Viceroyalty of Peru, creating the Viceroyalty of the Río de la Plata and designating Buenos Aires its capital. The Spanish governed from Buenos Aires until Argentina won its independence in 1810. Until the early part of the nineteenth century, therefore, the largest contingent of Europeans living in Argentina were Spaniards who had settled either in the area of the northwestern Andes or in the vicinity of the port of Buenos Aires (see *The Viceroyalty of the Río de la Plata*, ch. 1).

After independence the ruling elites, inspired by the eighteenth-century Enlightenment, felt the need to modernize the new republic by modifying the composition of the population, occupying the vast tracks of land that separated the Río de la Plata estuary from the northwestern Andean cities, and sponsoring universal and compulsory education programs. Workers were also needed to expand the cattle industry, grain

production, and the industries spawned by agriculture: railroads, food processing, and shipping. Various policies were adopted during these years, among them the eradication of the various Indian ethnic groups from the pampas and the encouragement of immigration from Europe, especially Italy and Spain.

The volume of immigrants that arrived from Europe through the port of Buenos Aires led Italian-born Argentine sociologist Gino Germani to comment that contemporary Argentina could not be understood without a thorough analysis of the role that nineteenth- and early twentieth-century European immigration played in its development (see *National Consolidation and Europeanization 1852-80*, ch. 1). From 1856, when Argentina had an estimated 1.2 million inhabitants, until 1930 between 6.5 and 10.5 million foreigners, almost half Italian and one-third Spanish, entered the country through the port of Buenos Aires. Many came seasonally for the harvests, returning to Europe afterward; only one-third remained as permanent immigrants. However, the intensity and volume of international migration caused a substantial realignment of the social, cultural, economic, and political characteristics of the Argentine population. Germani estimated that the proportion of immigrants in the national population rose from close to 25 percent during the 1880s to a high of 30 percent in 1914, then decreased to 23.5 percent in 1930, to 30 percent in 1960, and to 7 percent in 1980. Immigration from Europe slowed in the years between the two world wars and resumed briefly from 1947 to 1952, after which the inflow of Europeans was replaced by immigration from neighboring countries.

European immigrants were neither nationally nor socioeconomically homogeneous. Most of the Italians came from the rural areas of southern Italy, while the Spaniards came from Galicia. Substantial numbers also came from France, Poland, Russia, and Germany. The intention of the Argentine elites was to induce the formation of modern rural social classes, especially in the pampas, while expanding grain production. In order to expand grain production, the large *estancias* were fragmented into smaller units to be leased or eventually sold to people who lacked the financial means of the traditional elite. Another difficulty was that new lands available for colonization became concentrated in the hands of a small number of speculators. In the long run, however, immigration and colonization policies resulted in the transformation of vast tracts of arid pampa into cultivated land, a significant

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increase in the area planted in grain, and the emergence of a European group of owners or lessees of medium-sized *estancias* that became the basis of a new rural middle class.

During the nineteenth century government-owned agricultural land was bought at low prices by the immigrants. After the almost total eradication of the Indians in northern Patagonia in the 1930s and in the pampas in the 1880s the government offered those public lands for sale, and many immigrants took advantage of the opportunity. Spanish, Italian, German, and British settlers developed grain farms in the pampas and fruit orchards in northern Patagonia. In southern Patagonia Welsh, British, German, and Spanish immigrants purchased government land, established sheep farms, and grew rich as Argentine wool appreciated on the British market. Farther south on the Isla Grande de Tierra del Fuego, Yugoslavs, Britons, French, Dutch, Finns, and Spaniards successfully established sawmills and livestock farms.

From World War II to the early 1950s a new wave of European immigrants, especially Germans, Poles, Soviets, Hungarians, and Spaniards, arrived in Argentina. Some remained in the big cities while others moved to rural areas. Those who pursued agriculture favored the subtropical areas of the Gran Chaco and the province of Misiones, where they formed semiautonomous ethnic agricultural communities. After an initial period of jungle clearing, these immigrants developed successful cotton plantations and livestock farms.

According to the government census of 1980, Argentina had 1.9 million foreign-born citizens or permanent residents (6.8 percent of the national population), 56.5 percent of whom were European born. Italians represented 45 percent of the European immigrant population, followed by Spaniards with 35 percent. The remaining 20 percent consisted of immigrants from more than 15 different nations. Eighty-two percent of this European-born population was 45 years of age and older; 45 percent was age 65 and older. Men and women were equally represented.

The European influence on Argentina in the mid-1980s was felt predominantly through second-, third-, and fourth-generation Argentines of European descent. They had created hundreds of social and humanitarian institutions throughout the country to provide physical assistance or emotional support to their fellow nationals. These included hospitals, schools, mutual aid associations, cemeteries, social clubs, sports clubs, and newspapers in various foreign languages with

names that alluded to the European country or region of their leadership. European surnames were widely distributed throughout the nation. The family origins of most of Argentina's political, military, and church leaders in the mid-twentieth century could be traced to the nineteenth- and early twentieth-century wave of European immigrants.

Internal Migration

Twentieth-century Argentina was characterized by a vast rural-to-urban migratory trend that eventually led large numbers of migrants to Greater Buenos Aires. Economic hardships, related to the lack of work or poorly paying jobs in home communities, the scarcity of agricultural land, and the felt need to change life-style, were among the most important reasons for this internal migration. Argentine political scientist César Caviedes, using research by sociologists Alfredo Lattes and Zulma Recchini de Lattes, distinguished four periods of Argentine internal migration: 1869-1914, 1914-47, 1947-60, and the 1960s.

The years 1869-1914, the peak of European immigration to Argentina—especially to the city of Buenos Aires—were also years of intense internal migration. Various migratory movements occurred simultaneously. The native *porteños* (name given to residents of Buenos Aires) moved out of the nation's capital to colonize the humid and dry pampas in areas of the provinces of Santa Fe, La Pampa, and Córdoba. At the same time the residents of less developed western and north-western provinces, such as Santiago del Estero, La Rioja, and San Luis, migrated to the more developed provinces in their region, such as Mendoza and Tucumán. The residents of the less developed northeastern province of Corrientes also left their hometowns to colonize the neighboring areas of Misiones, Chaco, and Santa Fe.

From 1914 to 1947 European immigration decreased drastically, and internal migratory trends reversed; Buenos Aires became an important destination for Argentines born in the nation's provinces. After the city of Buenos Aires, the Gran Chaco became the second most attractive destination for migrants from nearby provinces, who moved into its jungles as colonists.

The predominance of Greater Buenos Aires became overwhelming in the period from 1947 to 1960. In the late 1940s, during the first government of President Juan Domingo Perón,

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Buenos Aires was experiencing a process of industrialization and economic diversification as the Perón administration strongly supported the working people in exchange for their political support (see Perón's First Presidency, 1946-51, ch. 1). Buenos Aires continued to receive immigrants from all over the country, reversing earlier migratory trends toward the provinces of Chaco, Misiones, and La Pampa. Only two other provinces—Córdoba and Mendoza—continued to grow as a result of their industrial development.

During the 1960s rural-to-urban migration intensified, and the less developed provinces outside the region of the pampas, with the exception of the northern provinces of Jujuy, Salta, Formosa, and Misiones, experienced population losses. Internal migrants diversified their points of destination to include large urban areas located closer to their home provinces. The cities of Buenos Aires, Córdoba, Rosario, La Plata, and Mendoza continued to grow at the expense of rural areas and were rapidly surrounded by squatter settlements that housed the new residents. Absolute or relative population losses were experienced by most of the provinces located outside the pampas region, including Entre Ríos and Corrientes in Mesopotamia, Catamarca in the Northwest, Santiago del Estero in Gran Chaco, and Neuquén in Patagonia. The provinces that experienced demographic growth did so as a result of immigration of agricultural laborers from neighboring countries.

According to Argentina's National Institute of Statistics and Census, internal migration was drastically reduced during the late 1970s, when only 1.5 million Argentines were reported to have moved from one province to another. These were the years of the so-called dirty war, when over 10,000 to 30,000 persons were declared to have "disappeared" (see *The Military in Power*, ch. 1). During this period the provinces of Buenos Aires, Santa Fe, Córdoba, and La Pampa, in the pampas region, and all the provinces in Patagonia and the National Territory of Tierra del Fuego experienced population growth. The rest of the provinces and the Federal District all reported population losses as a result of out-migration.

Immigrants from Neighboring Countries

Argentina was among the wealthiest nations in South America and had relatively long international borders with poorer rural areas of Bolivia, Brazil, Chile, and Paraguay. These borders were close to Argentine rural areas that were

chronically short of labor owing to the rural-urban internal migration. During the early part of the twentieth century, the immigration of unemployed agricultural workers from neighboring countries, intended to be seasonal, was initiated. These migratory movements were related to the appearance and expansion of agricultural and industrial enterprises in Argentina's northern provinces and agricultural and livestock farms in the southern provinces. During the 1960s and early 1970s many of these immigrants moved into Argentina's largest cities, including Buenos Aires, where they were employed in a variety of sectors, such as the construction industry, clerical work, small shopkeeping, domestic service, or the informal economic sector.

Rural immigrants from neighboring countries who worked in Argentina were usually recruited and organized by big business contractors at the border posts and signed contracts for periods of two to seven months. Argentina was regarded as a better place to live and work by the rural poor from neighboring countries. In 1973 nearly 1.8 million immigrants from neighboring countries lived in Argentina; this number diminished in 1980 to 753,428. According to the 1980 census, immigrants from neighboring countries made up 2.7 percent of the national population of Argentina. Of these, the largest group consisted of immigrants from Paraguay (35 percent of the total), followed by immigrants from Chile (28 percent), Bolivia (16 percent), Uruguay (15 percent), and Brazil (6 percent).

According to Argentine sociologist Juan Manuel Villar, in 1980 the largest concentration of immigrants from neighboring countries was in Greater Buenos Aires, into which an estimated 45 percent of the total had moved, followed by the northeastern regions of the Gran Chaco and Mesopotamia, where 15 percent lived; the pampas, where 12 percent lived; Patagonia, 10 percent; the Northwest, 8 percent; and Cuyo, 5 percent. Bolivians and Paraguayans tended to work in the agricultural fields of northern Argentina, having few difficulties in mixing with the local population, with whom they shared many cultural affinities. Chileans worked in the orchards, sheep ranches, oil fields, and coal mines of Patagonia. Many Brazilians lived as colonists in the forest areas of the province of Misiones. Most Uruguayans, however, were educated individuals having a high degree of cultural identification with Argentina; they migrated primarily to Greater Buenos Aires and the Littoral.

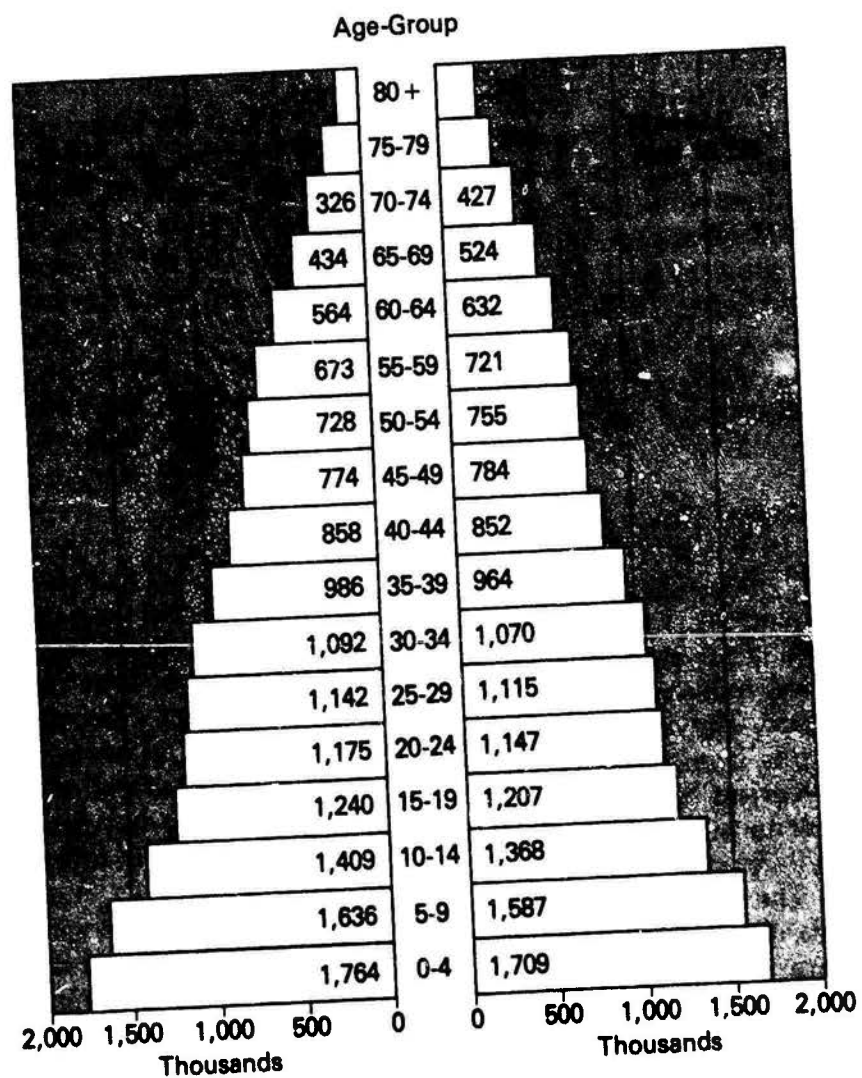
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Mid-1980s Demographic Trends

Argentina was among the first Latin American nations, along with Cuba and Uruguay, to experience a decline in mortality and fertility. In 1985 the Washington-based Population Reference Bureau reported that Argentina had a crude birth rate (yearly registered births per 1,000 inhabitants) of 24, a crude death rate (yearly registered deaths per 1,000 inhabitants) of eight, an annual population increase of 1.6 percent, an infant mortality rate (deaths of infants of one year of age or less per 1,000 live births) of 35.3 per 1,000 live births, a life expectancy at birth of 70 years, and a total fertility rate (average number of children that would be born to each woman if each were to live through her childbearing lifetime) of 3.4 (see fig. 6).

In 1985 the unequal distribution of the nation's population—particularly the growth of Greater Buenos Aires and the Littoral region—continued to be a problem that showed no signs of improvement. Social services and various public facilities in the nation's capital continued to be overtaxed. In 1984 Argentine scholar Guillermo Alfredo Terrera, working with his own demographic estimates, commented that 14 million inhabitants (48 percent of the national population) lived in the 2,500 square kilometers of Greater Buenos Aires, while only 15 million lived in the 2.8 million square kilometers of the rest of the country. Moreover, Terrera commented that over 21 million were owners or renters of medium-sized family farms who provided full employment opportunities to all family members and occasionally could afford to hire wage labor or rent agricultural machinery.

Between 1976 and 1981 the Videla administration increased the value of the Argentine currency in relation to hard currencies by subsidizing exchange rates. The middle classes reacted by continuously converting local currencies to United States dollars and by spending their newly acquired wealth on extended international vacations and luxury items. However, by the early 1980s the financial system could no longer support the overvalued Argentine peso, and severe economic measures were undertaken that deprived the middle class of its recently acquired wealth. By early 1984 real wages were 30 percent below their 1975 level. A decrease in the purchasing power of the population occurred suddenly. In order to make ends meet, middle-class members had to cut their expenses, and an undetermined number had to take two or more jobs in a



Source: Based on information from United Nations, Department of International Economic and Social Affairs, *World Population Prospects: Estimates and Projections as Assessed in 1982*, New York, 1985, 111

Figure 6. Population by Age and Sex, 1985

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12- to 14-hour daily schedule. Many also sought the economic assistance of their children.

Civil service became an important option for many middle-class workers, especially those living outside the pampas region. Municipal, provincial, and federal government agencies became the major employers during the period of forced reduction of personnel by crisis-ridden domestic industries. In the province of Formosa, for example, the public sector employed up to 10 percent of the economically active population. In La Rioja almost 50 percent of the economically active population worked in either the public sector or the service sector while only 33 percent were engaged in the industrial sector.

The Lower Class

In the mid-1980s Argentina had a relatively large and highly heterogeneous lower class that was located in both urban and rural areas. The urban lower class included a wide range of people with skills and levels of qualification, from the skilled industrial worker to the street vendor and domestic servant. The rural working class included agricultural workers ranging from those who held steady jobs at large agricultural enterprises to seasonal workers who followed the harvests. Their income level was much lower than that of their urban counterparts.

The lower classes were hit hardest by the severe economic crisis of the 1980s. Their real purchasing power dropped by approximately one-third between 1974 and 1980, a period when the middle class was benefiting from the economic policies of the military government, and dropped further—to approximately one-half of 1974 levels—by 1981. Post-1981 government policies continued to reduce the purchasing power of lower-class workers. In 1985 it was reported that only one-third of the national population earned more than the US\$265 a month necessary to feed a family of four. As a result, many heads of households held two or more jobs to make ends meet. Layoffs, unemployment, and underemployment were increasingly common among the lower class. Many chose self-employment and worked in the informal economic sector.

Housing became a greater problem in the cities as the influx of workers from rural areas outpaced the construction of new living quarters. Rents tended to be very high in urban areas, sometimes equivalent to 75 percent of the monthly income of a blue-collar worker. Moreover, most rental contracts

were signed for a two-year period and required a two-month advance deposit plus the imposition of bimonthly rent increases. As a result, large communities of squatter settlements, known as *villas miseria* (misery towns), sprang up on the outskirts of the nation's major cities in the vicinity of factories and industrial plants. A large percentage of them lacked minimum social services and facilities such as drinking water and sewage systems.

Education

The Argentine educational system was among the best in the Western Hemisphere until the 1970s. The quality of education was high, research facilities received worldwide acclaim, and various academic presses printed books and journals that were distributed throughout Latin America. Argentina also had one of the highest literacy rates in the Western world, 94.2 percent, in 1980. Beginning in 1976, however, the military government's National Reorganization Process caused the educational system, particularly higher education, to deteriorate severely. The alleged goal of the military government was to depoliticize the system. Censorship of books and persecution of scholars for their ideas became part of everyday academic life. Academic funds were reduced, research was restricted, and the government withheld the publication of official statistics regarding social services and facilities. Only in 1983, a few months prior to the return of democratic rule, did General Reynaldo B. Bignone's administration begin releasing various social indicators together with the official results of the 1980 census.

An indicator of the high academic achievement within the Argentine educational system in the twentieth century was its citizens' receipt of five Nobel prizes, as well as a Miguel de Cervantes Prize in Spanish literature. Two Argentines, Carlos de Saavedra Lamas in 1936 and Adolfo Pérez Esquivel in 1980, were awarded the Nobel Peace Prize; another two, Bernardo A. Houssay in 1947 and César Melstein in 1984, were awarded the Nobel Prize for Medicine, both sharing their prizes with other scientists; and a fifth Argentine, Luis Federico Leloir, was the recipient of the 1970 Nobel Prize for Chemistry. In 1985 the Cervantes Prize, considered the highest award in Spanish literature, was granted to Ernesto Sábato.

At the other end of the spectrum, illiteracy continued to

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be a problem during the mid-1980s. Government sources reported that in 1980 Argentina had an illiteracy rate of 5.8 percent of all its inhabitants aged 10 and over. They claimed, however, that the problem was more serious than the statistics showed. In a debatable estimate, some authors speculated that almost 50 percent of the national population was, in fact, either totally or functionally illiterate. Illiteracy was unevenly distributed throughout the country and was found mostly in rural areas, especially in the northern provinces of Chaco, where it officially stood at 16.5 percent; Corrientes, with 14.8 percent; and Formosa, with 12.3 percent. The lowest illiteracy rates were found in the Federal District, which had a 1.4-percent illiteracy rate, and in the National Territory of Tierra del Fuego, which had a 2.3-percent illiteracy rate. Illiteracy was more common among women than among men. In rural areas 14.2 percent of the men and 15.1 percent of the women were illiterate, while in urban areas 3.6 percent of the men and 4.5 percent of the women were illiterate.

In May 1985 the government launched the National Plan of Functional Literacy and Continuing Education by opening a national network of some 3,000 centers where literacy would be taught. The goal, according to the president of the National Literacy Commission, was to teach 1.2 million illiterates and 5.2 million functional illiterates in some 20,000 literacy centers or related adult educational programs by 1989.

During the 1983 academic year Argentina had 7.6 million students, of whom 50.6 percent were female, enrolled in 40,517 academic institutions at all levels under the guidance of 536,499 teachers and professors, of whom 77 percent were women. The Argentine educational system was composed of four distinct levels: preprimary, primary, secondary, and higher (or superior) education. A limited program of special education for mentally or physically handicapped children was also available at the primary and secondary levels. Argentina's educational system was partially decentralized, although the Ministry of Education and Justice was responsible for public education at all levels and for providing guidance to private education. Each of the nation's 22 provinces had its own education ministry that was responsible for the school programs within its jurisdiction. Classes began nationwide in March and concluded in December for all levels except higher education and in a few geographic areas that had their own calendar year.

Lower-level Education

Preprimary education was optional, the first step of the Argentine educational ladder, and was designated for children aged four and five. Initially established in 1884, kindergartens were found in both public and private institutions, being either autonomous or attached to primary and secondary schools. In the 1983 school year Argentina had a total of 7,280 preprimary schools, 71 percent of which were supported by the public sector, serving a total of 602,226 children. Most were administered by provincial governments.

Primary school consisted of a seven-year compulsory program for all children aged six to 14. The first Argentine primary schools date from the 1580s, when the Spanish colonists opened the first school in Santa Fe. Since then primary schools have undergone major changes, especially during the presidency of Domingo Faustino Sarmiento (1868-74), who vigorously developed the system. In the 1983 school year Argentina had a total of 23,250 primary schools, 90 percent of which were public, serving a total of 4.5 million students. In 1978 those under the direct control of the federal government began to be transferred to the provincial governments, which adapted the syllabi to their particular regions.

Although secondary school was optional for those who graduated and obtained a certificate of completion of primary education, there was a movement to make secondary education compulsory. Various programs were available in secondary education. The *bachillerato* (not to be confused with the bachelor degree), which offered either a *bachillerato común* (common level) or the *bachillerato especializado* (specialized level), was the most popular program and consisted of two cycles that totaled between five and seven years. Other secondary-school programs included commercial study, a five-year program also divided into two cycles; technical education, which was divided into short, one- to four-year programs and long programs of over four years; agricultural schooling, which included a three-year short program and a six-year complete program; and artistic courses, which varied according to one's planned profession and included the granting of elementary-school teacher credentials.

In 1983 Argentina had a total of 4,915 secondary schools, 55 percent of which were public. The administration of public secondary schools was equally distributed between the federal government and the provincial governments. Thirty-eight percent of the schools offered *bachillerato* programs; 36 percent,

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commercial programs; 20 percent, technical education; and the remaining 6 percent covered the other programs. During that academic year Argentina had 1.5 million secondary students, of whom 51 percent were female. Women accounted for 65 percent of the system's 193,551 teachers.

Higher Education

Higher education in Argentina consisted of various kinds of institutions, public and private, large and small, that provided either university training or nonuniversity higher training. In 1983 university training was provided at 48 universities, 26 of which were publicly run, having a total of 416,571 students and 33,450 professors. Nonuniversity higher education was provided at various higher institutes, most of which were geared to teacher training. In 1983 there were 632 higher institutes, 59 percent of which were publicly administered.

The Latin American university reform movement, which brought about student cooperation in the administration of the universities, competition in the appointment of professors, academic freedom, and an end to compulsory attendance at classes, began at the University of Córdoba in 1918 (see *The Radical Administration, 1916-30*, ch. 1). The university assembly, which met at least once a year, became the highest governing authority within each university and was composed of an equal number of delegates from the faculty, graduates, and students, each of whom had the same voting rights. The assembly was responsible for naming all senior university authorities, including the rector and the deans, and for approving all major administrative decisions. From Córdoba, the university reform spread rapidly to all Argentine universities, and by the 1930s it had reached most universities throughout Latin America.

Various military governments, including those that ruled Argentina between 1976 and 1983, profoundly altered the Argentine university system, arguing that the universities had become highly politicized. One of the objectives of the Videla administration was to reverse the effects of the university reform and thereby, it thought, depoliticize the nation's universities. These efforts resulted in faculty and student activists being forced into exile and some imprisoned or killed. By the time that democratic rule returned in December 1983, the Argentine universities were shadows of their former selves, owing to the combined effects of censorship, political persecution, and meager funding.

In 1985 the Alfonsín administration was working to return the autonomy and the democratic administrative structure that had characterized the universities since the University Reform. One of the first steps taken toward that goal by the new government became known as the process of "transition to normality," which included the appointment at all universities of "normalizing authorities" at the levels of the rector and the various deans. Throughout the academic years 1984 and 1985, therefore, all Argentine universities were temporarily under the authority of a government-appointed "normalizing" rector and various "normalizing" deans, who were responsible for governing the universities during the period of transition back to democracy. Their activities included handling numerous cases of *impugnación de profesores* (the right of the various academic segments to request the firing of a faculty member), reopening academic programs closed by the military dictatorship, calling for elections within each academic segment (faculty, students, and graduates), and convoking the university assembly.

By late 1985 all university assemblies were required to have met; following the spirit of the University Reform, they were again to become the highest administrative bodies within each university. They were to meet once or twice a year, which in 1985 occurred for the first time in almost two decades. Subordinate to the assembly and in charge of daily operations was the highest single administrative authority, the university rector. The rector was advised by a superior council, which included professors, students, graduates, and some administrative personnel. Each academic program was headed by a dean, who was advised by an academic council composed of the dean, professors, students, and staff.

Another administrative measure geared toward the democratization of the university system was the elimination of the university admission examination. These examinations, created ostensibly to limit the number of university students in accordance with national need, had become stricter under military rule. Under pressure from students, the Alfonsín administration removed these requirements and allowed enrollments to rise. As a result, in March 1985 over 59,000 secondary-school graduates enrolled in the University of Buenos Aires' freshman class.

In 1983 the University of Buenos Aires, the largest in Argentina, was divided into 11 academic programs, eight schools, and two other higher education programs. It com-

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prised 107,130 students, or 26 percent of Argentina's total university population, and 3,900 professors—12 percent of the nation's university faculty. The new policy of unrestricted admission, however, is likely to result in a 50-percent rise in enrollment.

Health and Welfare

Health care and general welfare activities were the responsibility of a wide range of public and private institutions, including the hundreds of autonomous and semiautonomous social security organizations known as *obras sociales* (social projects). Argentina was among the countries with the highest health standards in Latin America. During the late 1970s and early 1980s, however, official health policies emphasized the need to transfer all health services to the private sector. As a result, a dramatic deterioration of the health system took place in a period that coincided with an increase in unemployment and a decrease in real salaries. During the mid-1980s few updated and reliable health indicators were available because of the severe censorship that existed until December 1983.

When asked to provide an overview of the Argentine health system, Argentine physician and scholar Aldo Neri, Alfonsín's minister of public health and social action during the mid-1980s, offered a gloomy view. He said that the Argentine medical system was characterized by a "relative abundance of resources, simultaneous overutilization and underutilization of them, anarchy in management, inefficient multiplicity of jurisdictions, irrationality in the prioritization of action, dissatisfaction of consumers and providers, backwardness in assigning claims and benefits, and a tendency towards business-type corruption in the different types of coverage."

In 1985 Buenos Aires and the nation's other large cities were the best served with respect to health care. Standards of health varied tremendously elsewhere. According to a 1980 government study of health services and facilities in 12 cities, there was a correlation between the size of a city and the average annual number of visits to a physician: seven for Greater Buenos Aires, six for Mendoza, and five for Córdoba, Rosario, and Tucumán. Greater Buenos Aires and Córdoba had an average of one physician per 200 inhabitants, while many urban and rural areas either lacked physicians or had only a few available.

Argentina's infant mortality rate decreased markedly from 87 per 1,000 live births in 1940 to 54 in 1965, 44 in 1976, and 35.3 in 1985. Tremendous regional variations in the infant mortality rate persisted, however. Neri reported that during 1976 infant mortality rates ranged from a low of 30 in the Federal District to a high of 83 in the province of Jujuy. It was reported that a high percentage of infant deaths occurred in the poorer northern provinces and in the hundreds of *villas miseria* that surrounded the nation's large cities and were the result of either infections or malnutrition.

In 1982 the Pan American Health Organization (PAHO), working with data provided by the Argentine government, reported that the four leading causes of death for all ages in 1978 were heart disease, which accounted for 28 percent of registered deaths; cancer, 17 percent; accidents, 6 percent; and problems related to childbirth, 4.4 percent. In the specific case of children aged one to four, the five leading causes of death in 1978 were accidents, which accounted for 17.3 percent of registered deaths; enteritis and other diarrheal diseases, 9 percent; influenza and pneumonia, 8.9 percent; heart disease, 7 percent; and avitaminoses and other nutritional deficiencies, 5.8 percent.

The accuracy of the military government data has been challenged by various Argentine specialists, who, since the return of civilian rule, have begun to publish the results of their research. According to Neri's 1983 study, infections and parasites continued to be among the leading causes of disease and death in 1976. Neri found that other major causes of death included diseases related to the respiratory system, meningitis, and acute rheumatic fever. These diseases accounted for 12 percent of all deaths nationwide in 1976, but in the province of Jujuy they caused 34 percent of all deaths. Chagas' disease was also a leading cause of death nationwide, especially in the northern tropical areas. According to an Argentine government study conducted during the 1969-71 period, 13 percent of the national population was infected with the Chagas' disease parasite. Not all those exposed to or infected by the parasite had developed the disease, however, nor were all cases of infection reported. In 1979 PAHO reported 6,740 cases of Chagas' disease in Argentina, the nation most infested by the Chagas' disease parasite.

Neri found that in 1977 Argentina had some 55,000 physicians; an estimated 4,000 new physicians graduated each year, making Argentina one of the world's leading nations with re-

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spect to the ratio of physicians to inhabitants—one physician per 430 inhabitants. That same year Argentina had some 16,000 dentists, an estimated ratio of one dentist to 1,400 inhabitants, and an underpopulation of nurses, an estimated ratio of one nurse to 800 inhabitants. In the late 1970s, therefore, Argentina had two physicians for each nurse. PAHO, citing official (probably inflated) figures, said that in 1970 Argentina had 71,253 physicians and in 1977 it had 18,658 nurses and 22,153 nursing auxiliaries. Health professionals, however, were distributed unevenly throughout the nation, most being concentrated in the metropolitan areas of the nation's largest cities.

In 1978 there were an estimated 3,097 hospitals and sanatoriums; 142,975 hospital beds were administered by either the private sector or the public sector. As a whole, public facilities tended to be large and oriented to the needy, while private facilities were smaller and more business oriented. Sixty-seven percent of hospital beds were in publicly run facilities, 28 percent in private institutions, and the remaining 5 percent in facilities administered by one of the various *obras sociales*. During the mid-1980s an important semantic distinction was made between the terms *hospital* and *sanatorium*. Hospitals were medical facilities that offered inexpensive, low-quality services, usually to the poor, while sanatoriums served the wealthy with superior services.

In 1985 the most important health-related institutions were those collectively known as *obras sociales*. These were described by Neri as primitive Argentine adaptations of a social security system within the historical tradition of guilds and union mutual funds that were organized into the health insurance system to satisfy the social needs of particular groups of workers and their families. Each worker provided the general fund with 2 to 3 percent of his monthly salary, which entitled him and his dependents to full benefits. This monthly fee was supplemented by contributions made by employers, which were based on a percentage of the worker's salary and on union agreements. Conceived during the 1940s as a powerful political resource within the union movement to provide the working class with health services similar to those available to the upper classes, the *obras sociales* soon became major financial funds that subcontracted medical services and facilities to private sector institutions. By the early 1980s very few *obras sociales* owned their own medical facilities or provided direct medical services to their members.

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During the late 1970s there were some 400 different *obras sociales* serving a total of 22.4 million beneficiaries. This number reflected a dramatic growth from the 8.3 million beneficiaries whom the system had served during the late 1960s. The financial resources and the methods of management of each *obra social* varied, reflecting the nation's social structure and whether its members worked in the public or private sector. During 1985 the federal government was considering restructuring the system.

The private sector played an important role during the mid-1980s, offering various medical services and facilities that ranged from the old immigrant hospitals (such as the Italian, German, and Spanish hospitals) and private practice to various modern and sometimes highly sophisticated health centers and sanatoriums. A new development during the 1970s was the establishment of voluntary private health insurance offered by a specific sanatorium or an insurance firm.

Religion

Argentina is a predominantly Roman Catholic country. According to estimates in the *World Christian Encyclopedia*, Roman Catholics made up 91.6 percent of the population in 1982; Protestants, 2.5 percent; and members of various other Christian churches, including the Armenian, Orthodox, and Ukrainian Catholic churches, 1.5 percent. Two percent of the national population was Jewish, and 1.1 percent was nonreligious. Atheists and non-Christian religions, such as Muslims and Spiritualists, constituted 1.3 percent, and the remaining 1.1 percent did not express a preference.

In 1985 the Roman Catholic Church was formally organized into 13 archdioceses, 44 dioceses, and three other jurisdictions known as *nullius prelatures*. Argentina had three cardinals, one of whom held a senior post in the Vatican as president of the Pontifical Commission for Lay People, and over 90 bishops. In addition, Buenos Aires was the site of the Latin American offices of the Armenian, Orthodox, and Ukrainian Catholic churches.

According to Roman Catholic Church reports, in 1984 the Argentine church had about 4,800 priests (one-half of whom were diocesan), 4,100 brothers, 11,000 nuns, and 1,300 seminarians. More than 2,000 parishes and various church organizations ran some 3,700 educational institutions at all levels as

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well as about 850 welfare organizations, including cemeteries, hospitals, and social centers.

The Catholic church had a privileged legal status in Argentina because the authors of the 1853 Constitution were careful to state explicitly that strong relations should exist between the Roman Catholic Church and the Argentine state but in an environment of religious pluralism and freedom. However, churches other than the Roman Catholic Church must register with the government to obtain the legal recognition required to operate freely in Argentina. The pertinent constitutional articles remained in effect during the mid-1980s, although they were not fully enforced.

According to Article 2 of the Constitution, "the Federal Government supports the Roman Catholic, Apostolic Faith." Article 14 guarantees specific human rights to all Argentines, including that of "freely professing their religion." Article 20, devoted to the rights of foreigners in Argentina, explicitly states that they can freely practice their religion. Article 65 prohibits regular members of the clergy from holding public office, either as members of Congress or as provincial governors. The lengthy Article 67, devoted to the various powers of Congress, states that Congress has the power to promote the conversion of Indians to Catholicism as well as to authorize the admittance of other religious orders into the nation. Finally, Article 76 makes the profession of Roman Catholicism a requirement to be Argentina's president or vice president.

In practice, Argentine Catholicism tends to be nominal for the majority and is expressed in conservative social views for those who practice it. The church hierarchy tends to be especially conservative. Some influential Catholic bishops supported the various seizures of power by the military and, during the 1970s, the policies of the National Reorganization Process. During that time some conservative church officials were accused of contributing to the "disappearance" of political dissidents by supplying information on socially active church groups to military officials.

Lay groups with liberal goals, purposes, and political orientation were organizing again in the mid-1980s. These church members were healing the wounds left from the severe repression of its bishops and priests by post-1966 military governments. During the late 1970s military and paramilitary organizations attacked clergy and lay people whom they suspected of sympathizing with or supporting guerrilla groups. Early targets had been the members of the Movement of Priests for

the Third World, founded in 1968 to work with the working class and, while living in the *villas miseria*, to denounce social injustice and promote social change. During the Videla administration all their members were persecuted; some fled into exile while others were murdered or "disappeared." Two bishops were presumed murdered, and a number of priests, nuns, and lay workers were among the tortured and "disappeared." Cardinal Eduardo Pironio, former bishop of Mar del Plata, experienced numerous attempts on his life, and one of his secretaries was murdered. Although he survived, one of his colleagues, Enrique Angelelli, bishop of La Rioja and a strong critic of human rights violations by the military government, died in 1976 in a mysterious and unresolved car accident while driving to the burial of one of his priests.

In 1985 two Catholic lay organizations, holding opposing points of view and purposes, played an important role within the Argentine community. The first of these, the Peace and Justice Service in Latin America, was a human rights organization headed by 1980 Nobel Peace Prize winner Adolfo Pérez Esquivel. It advocated nonviolence as a means of seeking the peace and reconciliation of all Argentines and also provided the needy with various social services and facilities. The second, Families and Friends of Those Murdered by the Subversion, was a right-wing group headed by Hebe S. de Berdina. Its goal was to organize liturgical services and masses in memory of Argentines, especially those belonging to the senior ranks of the armed forces, who lost their lives during the late 1970s in the so-called dirty war against terrorism.

During the past century the Argentine Roman Catholic episcopate has played an active role in the Argentine political system and has been considered a pillar of the established order. Bishops were organized into the Argentine Conference of Bishops, which from 1985 to 1988 was to be headed, for the third time, by Córdoba's Cardinal Raúl Francisco Primatesta. Primatesta, a 65-year-old *bonarense* (resident of the province of Buenos Aires) and son of Italian immigrants, was frequently sought out by economic, political, and labor union leaders of all parties for his support and advice.

During the 1980s the episcopate, either through a spokesman or through written position papers, has played a highly visible political role, exerting pressure first for the return to democracy and later for the consolidation of the democratic system. Some bishops' statements—particularly "Church and National Community" of July 1981, "On the Way to Reconcili-

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ation" of August 1982, and "To Consolidate the Nation in Liberty and Justice" of May 1985—received strong support inside and outside the government. After the publication of the "Church and National Community" document, which voiced the people's demand for a return to full democracy and supported a pluralistic educational system during a period of academic censorship, Cardinal Primatesta received the support of the leaders of all political parties, who were organized into the *Multipartidaria* (Multiparty Commission). Some sources claimed that this August 1981 meeting was one of the most influential and productive meetings between church leaders and various political leaders since 1810.

During the early 1980s the bishops continued their efforts to return the country to a democratic system and to make a plea for a national reconciliation necessary for a peaceful transition. In the process they interviewed hundreds of leaders and individuals holding diverse political points of view, including the military president, in order to obtain the most objective view of the current socioeconomic and political situation. When in August 1982 the bishops issued a statement calling for the forgiveness of those who had committed crimes of repression against the Argentine people, however, it was not widely accepted by all parties. Their determination to play mediating roles in Argentine politics, nevertheless, marked a significant change in the behavior of the church leadership.

"To Consolidate the Nation in Liberty and Justice" was intended to be a contribution to the process of consolidation of the democratic system during a period of severe economic crisis. National reconciliation and social justice were considered necessary to solidify the democratic process. The May 1985 document acknowledged that major positive changes had occurred since the return of democracy in the areas of respect for human life, the end of torture, more active political participation, the right to dissent, and more liberties at all levels. However, the bishops made a plea to solve the current economic crisis, which they defined as the worst in Argentina's history and characterized by recession with sustained and disorderly inflation, declining real wages, unemployment, the persistence of extreme poverty, and a decrease in the national wealth.

Protestantism in Argentina dates back to the nineteenth and early twentieth centuries, when thousands of European immigrants arrived to work in agriculture, the meat industry, or railroad construction. By 1820 James Thompson, a Bible

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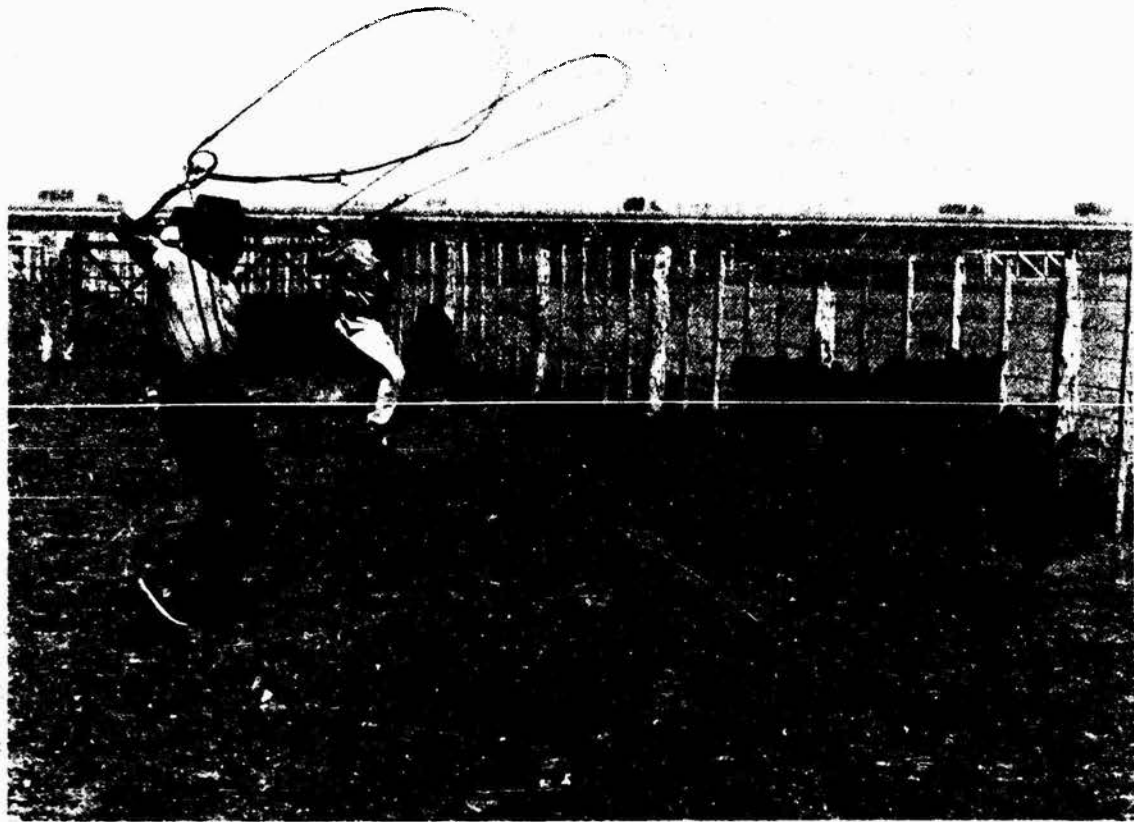
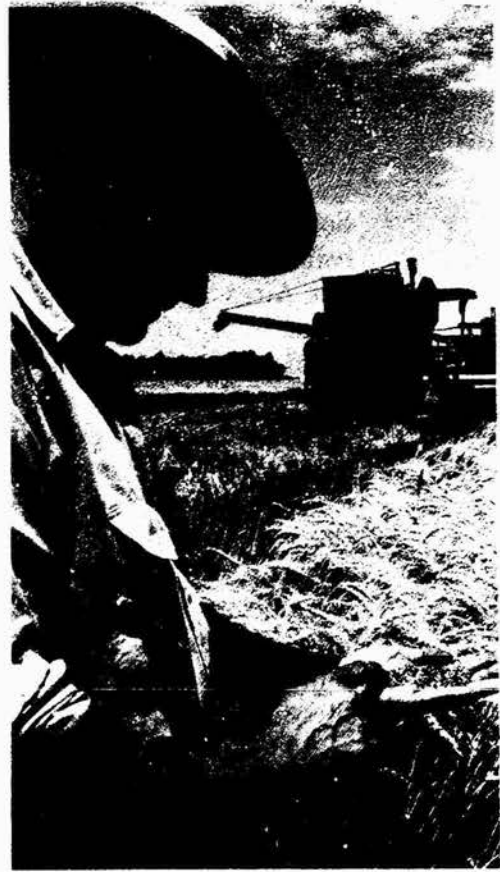
Society representative who later became one of the first Protestant missionaries in the region, was already at work in Buenos Aires. Methodist missionaries from the United States arrived by 1836 but confined most of their work to European immigrants. The arrival of Europeans from the Lutheran and Reformed churches also dates from that period. In the mid-1980s Protestant churches had a combined membership of over 500,000 adherents.

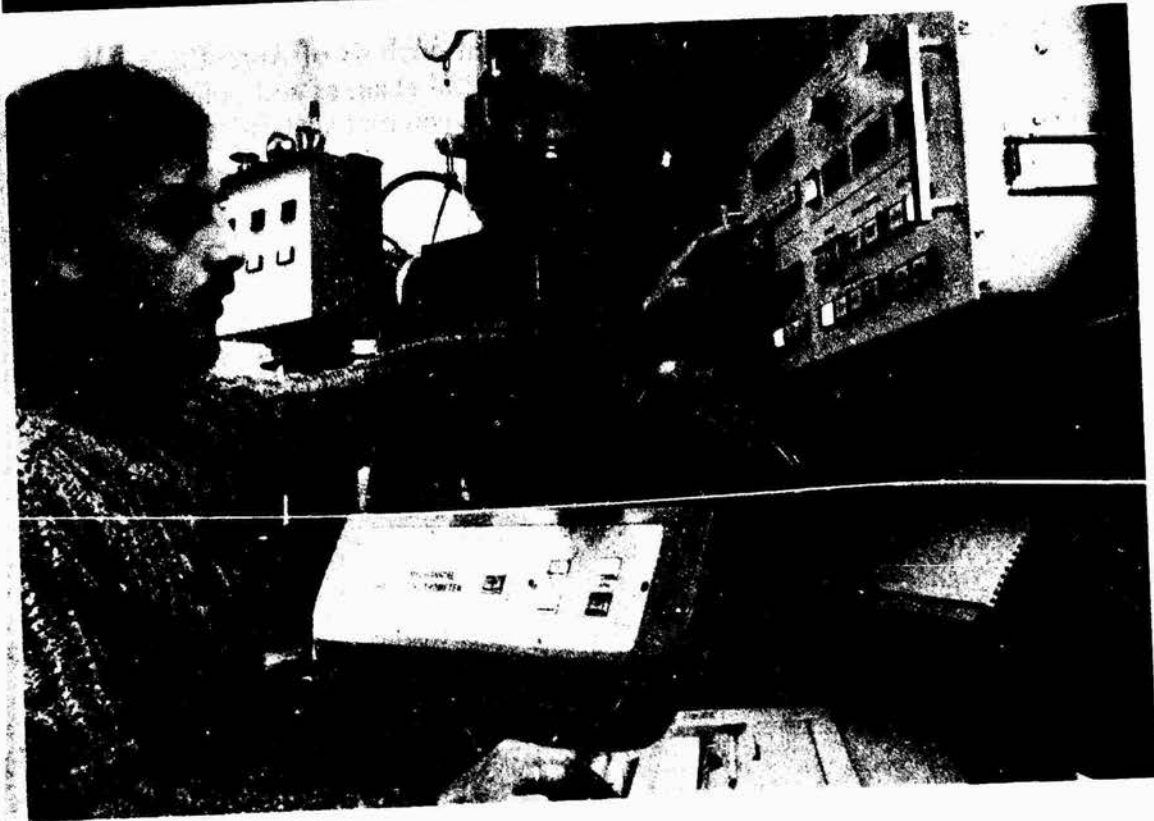
Jehovah's Witnesses suffered religious persecution during the 1976-83 period of military rule because their church lacked legal recognition and their members refused to perform compulsory military service on religious grounds. In July 1984 the Alfonsín government granted long-pending legal recognition to this church. Although a few were released in 1984, some 300 Jehovah's Witnesses remained in prison in early 1985.

Jews accounted for an estimated 2 percent of the national population; 75 percent of their number resided in Buenos Aires. According to Jewish scholar Seymour B. Liebman, Argentine Jewry is unique for the combination of its size and diversity. Although Buenos Aires had more Jewish organizations per Jewish inhabitant than any other city in the world, these organizations were extremely heterogeneous and shared little in the sense of a common Jewish community. In 1981 it was reported that Argentina had 55 Orthodox synagogues in Buenos Aires served by eight rabbis, five Conservative synagogues served by two rabbis, one Reform temple, at least five Sepharic synagogues, and at least three Sephardic rabbis.

Antisemitism was a force that surfaced in Argentina on occasions; during the "dirty war" some 1,500 were said to have been killed because of their being Jewish. The incidence of anti-Semitism decreased substantially during the Alfonsín administration. During a visit to the United States in March 1985, Alfonsín received from the Jewish Theological Seminary in New York the first Centennial Medal for Religious Freedom for his "tremendous contribution to religious pluralism" and for restoring "humanity and a renewed sense of dignity to Jews in Argentina."

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Photos courtesy Inter-American Development Bank

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In the mid-1980s Argentina was recovering from almost a decade of severe academic censorship. During the late 1970s and early 1980s Argentine publishers drastically decreased production of their formerly high-quality academic studies. A few studies of Argentine society and culture have been published since 1983, but no single work does justice to Argentina's socioeconomic complexity or reflects the nation's contemporary processes of change. Socioeconomic statistical information has been systematically published by Argentina's Instituto Nacional de Estadísticas y Censos in conjunction with the Argentine-based Centro Latinoamericano de Demografía—CELADEC.

The most influential authors on the study of Argentine social structure and immigration are José Luis de Imaz and Gino Germani. De Imaz' *Los que mandan* and Germani's articles and books on Italian immigration, especially "Mass Immigration and Modernization in Argentina," are considered classics. César Caviedes' 1984 regional study, *The Southern Cone: Realities of the Authoritarian State in South America*, provides valuable insights on Argentine society and culture. Aldo Neri's *Salud y política social* is an excellent analysis of Argentina's health system in a period of rapid social changes and political unrest. (For further information and complete citations, see Bibliography.)

Chapter 3. The Economy



The port of Buenos Aires

ENDOWED WITH ABUNDANT human and natural resources, Argentina had tremendous potential for economic development in the mid-1980s. Its vast plains, known as the pampas, were among the most fertile agricultural regions in the world, rendering the country self-sufficient in virtually every rubric of agricultural production and a major exporter of grains, oilseeds, and beef. Concurrently, large mineral deposits in the remote Andean area and extensive reserves of natural gas remained largely unexploited. Industry was at an advanced stage of development, and technologically sophisticated techniques were often employed in the production of diverse and high-quality goods. The country was nearly self-sufficient in petroleum, was developing significant hydroelectric capacity, and possessed one of the most developed nuclear energy programs in Latin America. The largely urban and literate population constituted a highly skilled labor force that numbered 11.9 million in 1985.

Despite impressive resources, the country had long been buffeted by a vicious cycle of political instability and erratic government policies that had given rise to a general climate of economic and social malaise. Though one of Latin America's wealthiest nations, in this atmosphere of uncertainty Argentina had been impeded from capitalizing on its considerable potential. The election of President Raúl Alfonsín on October 30, 1983, after seven years of military rule, was a clear message that the voters were ready to begin anew and free themselves from the economic chaos that had reigned since the late 1970s.

Initially, the new administration thought that the restoration of public confidence was sufficient to accomplish its corrective economic objectives in short order. Nonetheless, during its first 18 months, the Alfonsín administration presided over an economy in progressive disarray. The panoply of policy prescriptions proved incapable of stemming hyperinflation, stagnation, and a burgeoning foreign debt.

Despite the political opposition's oft repeated refrain "not to pay the foreign banks with the hunger of the people," the government signed a new agreement with the International Monetary Fund on June 11, 1985. The terms of Argentina's accord with the fund called for increasing tax and utility rates, cutting government expenditures, restraining wage increases, reducing monetary expansion, and devaluing the local curren-

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cy in order to control inflation. Compliance with the terms of the agreement would ensure access to foreign sources of official and private loans to refinance the country's US\$48 billion foreign debt.

On June 14, 1985, Alfonsín put his political future on the line by introducing a bold and pragmatic initiative to prevent the recovery program from being nullified by the momentum of an inflationary surge, which at that time was raging at over 1,000 percent annually. The government implemented a freeze on wages and prices and introduced a new currency, the austral. The new measures extended beyond the guidelines of the International Monetary Fund and marked a departure from the earlier pattern of avoiding a public commitment to traditional austerity measures, followed by their gradual application. The commitment to stabilization was expected to provide the foundation for economic recovery and expansion in the years ahead. Analysts argued that only successful economic recovery measures could unlock the potential that lies within the agricultural, industrial, and energy sectors of Argentina. The first step had been taken, and a successful outcome would depend on continued public support.

Growth and Structure of the Economy

Between 1976 and 1985 the Argentine economy was periodically buffeted by political instability and uneven patterns of growth. During that period, the growth and structure of the economy were directly affected by a number of abrupt changes in government policy that were intended to stabilize the economy. In that decade, the country had four different military regimes and a democratically elected civilian administration; the economy was managed by seven different ministers of economy. Under their stewardship, the real gross domestic product (GDP—see Glossary) increased in 1977, 1979, 1980, 1983, and 1984 but dropped in 1976, 1978, 1981, and 1982.

The problems that the economy encountered in the mid-1980s were directly attributed to the 1981 collapse of the economic adjustment program, which had aimed to lay a foundation for a continued and sustained expansion of output under a free-market model of development. The two essential elements of the model were to open the economy to foreign competition and to control inflation (see Public Industrial Policies, this ch.). In 1978, in order to control actual and expected

inflation, Minister of Economy José Martínez de Hoz introduced a sliding peg system of preannounced daily exchange rate adjustments that were below the rate of inflation and reduced the rate of monetary expansion. Nonetheless, the peso (for value of the peso—see Glossary) continued to appreciate and became highly overvalued. The economy was opened through the reduction of protective barriers, and capital restrictions were eased. Initially, high interest rates and international confidence drew in capital flow. Anticipating that the economy was on the road to recovery, international lenders extended increasing amounts of credit to the government and industry. The government obtained loans to invest in energy, transport, communications, and the improvement of military capabilities. The business community took advantage of the overvalued peso and easier credit terms to import capital goods and modernize its plant and equipment.

In 1979 the inflation rate reached 140 percent, and GDP grew by 7.1 percent. Agriculture expanded by 4.1 percent; mining, 6.4 percent; manufacturing, 10.2 percent; and construction, 2.7 percent. Overall economic growth improved in response to favorable prices in the international market for agricultural exports and the recovery of demand that was caused by the 15-percent rise in real wages.

The fiscal situation deteriorated, however, as public and private debt increased by 52 percent in 1979. Reduced tariff rates caused the value of imports to jump by 73 percent, while exports increased by only 22 percent, causing the current account of the balance of payments to deteriorate. Concurrently, the peso cost of short-term international loans doubled as the currency appreciated against the United States dollar.

By 1980 the growing perception that the exchange rate was increasingly overvalued led to massive capital flight that added to the balance of payments deficit. The value of imports increased by 56 percent, while exports increased by a mere 3 percent owing to the overvalued peso, which made imports inexpensive and exports relatively costly. Consequently, foreign exchange reserves declined by 28 percent, and public and private external debt increased by 43 percent. The pressure of foreign imports on domestic producers caused local prices to fall; the positive result was that the inflation rate dropped to about 88 percent in 1980.

In 1980 GDP increased by 0.7 percent. Agriculture and manufacturing, however, declined by 6.5 and 3.8 percent, respectively. Agriculture was adversely affected by poor weath-

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er and low domestic and international prices. Local agricultural commodities could not compete effectively against less costly imports. The flood of cheaper imports caused a number of overextended industrial firms to merge with other companies, shut down their operations, or declare bankruptcy. Positive growth was centered in the mining and construction industries, which expanded by 3.8 and 6.4 percent, respectively.

The economic recession that began in 1980 deepened during 1981 as GDP declined by 6.2 percent. Manufacturing was hit hardest. Overall production fell by 16 percent, and construction contracted by 13.8 percent. The recession also adversely affected growth in the trade, transport, and banking sectors. Agriculture recorded a positive growth rate of 2.8 percent as a result of the currency devaluation and good weather conditions. Domestic demand was sluggish because real wages declined by 14 percent.

Economic policy measures in 1981 were oriented toward reducing the external imbalance. At the beginning of the year, public expectations heightened that the peso would be devalued during the transfer of power to a new administration in March. As a result, capital outflows during the first quarter of 1981 increased dramatically. In February, prior to the change of government, a 10-percent devaluation of the peso was enacted to try to stem the outflow. The exchange rate correction proved unsuccessful as the outflow quickened, the government was forced to resort to emergency borrowing to cover the loss of reserves. The short-lived administration of General Roberto Viola (March to December 1981) attempted to reverse the growing balance of payments crisis by implementing successive devaluations of the peso to raise the price of competing imports, discourage speculation against the peso, and help restore industrial activity.

The new minister of economy, Lorenzo Sigaut, devalued the peso by 30 percent on April 2, 1981. Reserves improved somewhat, but inflation increased, capital flight resumed, and interest rates soared. The resulting loss of reserves led to another 30-percent devaluation on June 2, 1981. The third devaluation of the year failed to restore public confidence or restrain the capital outflow. Consequently, the government introduced a two-tiered exchange rate on June 22, 1981, that was composed of a commercial and a financial rate. The dual exchange rate remained in force until a new administration merged both rates by essentially devaluing the commercial rate to equal the financial rate.

Despite the numerous devaluations that approached an annual rate of 400 percent during 1981, the economic situation was in a critical state by the end of the year. Under the new administration of General Leopoldo Galtieri (December 1981 to June 1982), Minister of Economy Roberto T. Alemann reestablished a single foreign exchange regime and allowed the peso to float. The new economic team proposed a different anti-inflationary policy, which called for the reduction of public expenditures and the stringent control of monetary growth. Expenditures were curtailed by freezing public wages, pensions, and subsidies and by restricting the personal income tax. Foreign reserves increased slightly during the first quarter of 1982.

The outbreak of the South Atlantic War over the Falkland/Malvinas Islands brought the stabilization efforts to an abrupt halt. Controls stabilized the economy during the April-to-June hostilities. Alemann devalued the peso by 17 percent, placed an emergency tax on exports, increased fuel prices, raised taxes on cigarettes and alcohol, implemented exchange controls, and restricted imports. Prior to the war, credit had been freely available in the international financial markets to finance balance of payments deficits and private capital outflows. With the outbreak of hostilities, however, access to international credit sources was curtailed at the same time that capital flight intensified (see *The South Atlantic War and Its Aftermath*, ch. 1).

After the Argentine surrender in June, the political crisis that ensued led to the resignation of Galtieri in mid-month, and on July 1 retired Army General Reynaldo B. Bignone was appointed president. Another dual exchange rate system was introduced on July 2, 1982, under which the financial rate was allowed to float, while the commercial rate was devalued by about 27 percent. The dual exchange rate remained in force until November 1, 1982. Taxes and rebates on exports were modified to compensate partially for the devaluation. The new minister of economy, José María Dagnino Pastore, assumed office in July 1982 with the mandate to stabilize the economy in order to facilitate the transfer of a stabilized economy to a future democratically elected government. In particular, Pastore attempted to lighten the load of indebtedness on the manufacturing sector by lowering interest rates. To attain this goal, a regulated interest rate was introduced that was set below the rate of inflation, and another rate—a free rate—was allowed to vary according to the supply and demand for credit. The

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negative interest rates reduced the debt burden of industry, but it was achieved at the cost of a massive increase in inflation to over 200 percent annually. Concurrently, the government introduced a system of price controls as an anti-inflationary tool. At the same time, the government decreed above-average wage increases that fed the inflationary spiral. Partly as a result of these circumstances, the economic authorities were changed again in August 1982.

The new minister of economy, Jorge Wehbe, attempted to consolidate the economy with the help of an International Monetary Fund (IMF) standby agreement that was finally concluded in January 1983. The economic policy concentrated on reducing inflation and improving the external imbalance. In November the exchange rates were unified. Although a trade surplus was attained through a 43-percent reduction of imports and a 17 percent decline in exports, the external trade imbalance persisted, and the external debt problem worsened.

During 1982 GDP declined by 5.7 percent. Agriculture grew by 5.5 percent, while construction, manufacturing, and mining declined by 20.1, 4.5, and 0.9 percent, respectively. Basic services, such as utilities, transport, storage, and communication, declined by 1.4 percent.

In 1983 the economy recovered slightly. GDP grew by 3.1 percent during the year, and record harvests caused agricultural output to grow by 4.5 percent. The modest upturn was also accompanied by a slight increase in domestic demand and a 10-percent expansion in manufacturing output. Construction did not recover, however, because of reduced government expenditures on public works. The combination of fiscal outlays incurred during the 1982 South Atlantic War, credit assistance programs to the industrial sector, heavy subsidization of public enterprises, and generous wage increases caused the inflation rate to soar to 434 percent during the year. Economic policymakers were inhibited from implementing serious corrective measures because of the transitory nature of the regime. Elections for a new president were scheduled for October 10, 1983.

The newly elected civilian government of Raúl Alfonsín encountered three immense economic problems: record high levels of inflation, costly wage levels that rose with increases in the cost of living, and a US\$45 billion foreign debt that could no longer be ignored. The economic crisis, nevertheless, was initially set aside while the president focused on building a political foundation for his government. Early economic poli-

cies, reflecting campaign promises, sought to increase real wages, expand industrial and agricultural production, and combat inflation. Foreign exchange constraints prevented the government from meeting its service payments on the foreign debt, and by the end of the year it was more than 90 days in arrears in interest payments. At the same time public expenditures increased rapidly. The public deficit was financed by the printing of additional peso notes, which fueled the inflationary tendencies in the economy. Regulated credit markets and wage and price controls failed to control inflation, which reached 688 percent over the course of 1983. In the external sector, the balance of payments improved through a positive trade balance and a narrowed current account deficit. Nevertheless, the value of the peso depreciated by more than the rate of inflation.

The economy grew by only 2 percent in 1984, thus slowing the recovery of the previous year. The growth in GDP was led by a 4.3-percent expansion in manufacturing and a 2.6-percent growth in agriculture. Livestock production, however, fell by 1.5 percent as the stagnation that had affected it since 1980 continued.

In September 1984 Minister of Economy Bernardo Grinspun announced that Argentina had reached a memorandum of understanding with the IMF in exchange for a standby loan of US\$1.5 billion. At the end of the year the agreement was approved by both parties, and Argentina agreed to stabilize its economy. In February Grinspun resigned and was replaced by the more diplomatically inclined Juan Sourrouille. By March 1985 Argentina had failed to attain the goals set by mutual agreement between the government and the IMF. As production declined and inflation soared to an annual rate of over 1,000 percent, it became evident that the economy was headed into a severe recession. This, together with the continued overvaluation of the currency and the inability to service the evermounting foreign debt, led the government to seek another agreement with the IMF, which was announced in June. A few days later firm austerity measures were imposed by the government, which included the creation of a new currency, the establishment of wage and price controls, and an 18-percent devaluation of the currency.

The terms of the new economic adjustment program with the IMF included targets to reduce inflation to an annual rate of 150 percent by the end of 1986. Public sector expenditures were planned to fall from 34.5 percent of GDP in 1984 to less

than 31 percent in 1985 in comparison with an increase in public revenues from 22 to 25 percent of GDP. The public sector budget deficit was scheduled to be reduced to 2.5 percent of GDP in the second half of 1985 from 11.2 percent at the end of 1984. Concomitantly, public investment would be cut by 10.6 percent, taxes raised by 15 percent, and civil service wages reduced by 11 percent in 1985. In the external sector, the agreement programmed a fall in the overall balance of payments deficit from US\$1.7 billion in 1984 to US\$1.6 billion in 1985 and the deficit in the current account balance from US\$2.5 billion to US\$2 billion.

On June 14 the government imposed firm austerity measures that went beyond the IMF guidelines. In order to combat the high rate of inflation the peso was devalued by 18 percent, and import duties were raised. At the same time, the peso was replaced by a new currency, the austral, and wages and prices were frozen.

Labor Force

Owing to the lack of a comprehensive national employment survey in Argentina, the composition of total and sectoral employment levels were approximations based on a number of data sources. At the same time, employment and unemployment data were restricted to the greater metropolitan area of Buenos Aires and a few other urban centers.

The labor force was estimated to have increased from a total of 10.8 million in 1980 to 11.9 million in 1985. Approximately 40.5 percent of the economically active population (total population aged 10 and over) participated in the labor force in 1975, and 37.9 percent participated in 1983. During that period, the participation rate for those persons between the ages of 10 and 24 declined from 38.4 percent to 34.5 percent. The participation rate for those between the ages of 25 and 49 increased from 67.3 percent in 1975 to 69 percent in 1982 and dropped to about 67.9 percent in 1983. Those persons who were 50 years old and over reduced their participation from 34 to 31.5 percent between 1975 and 1983. Over the 1975-82 period the participation rate for women between the ages of 25 and 49 increased from 39.4 percent to 44.5 percent, which more than offset the decline in the participation rate for women in the 10-to-24 age-group. In 1983 the participation of women between 25 and 49 declined to 42 percent, which was

in line with the drop in the overall rate. Throughout the 1974-83 period the participation rate for men between the ages of 25 and 49 averaged about 97 percent.

The latest information available in mid-1985 indicated that the industrial and agricultural sectors employed 13.3 percent of the total labor force in 1982; the construction industry employed 7.6 percent; mining, electricity, water, and gas, 1.4 percent; transportation, 5.3 percent; sales, hotels, and restaurants, 16.2 percent; and public and private services, 29.6 percent. The unemployment rate was 5.7 percent, and about 7.6 percent of the labor force was unaccounted for. Over the 1980-82 period, the sectoral distribution of the labor force was altered significantly by the general decline in economic activity caused by the recession. Although there were no reliable statistics on the level of unemployment by sector, partial data indicated that the number of workers employed in the industrial sector in 1982 was more than 25 percent below the 1970 level. The drop in employment in the construction sector was estimated to have totaled 10 percent between 1980 and 1982. The general improvement in industrial output in 1983 caused employment in that sector to increase by 3.3 percent.

Between 1980 and 1982 the overall unemployment rate in the metropolitan area of Buenos Aires increased from 2.3 to 5.7 percent but then declined in 1983 to 4.9 percent and to an estimated 4.5 percent in 1984. Reduction in employment in the industrial sector was not reflected in significantly higher unemployment rates largely because of the absorption of numerous industrial workers into other sectors of the economy, the movement toward self-employment, and lower participation rates in the labor force.

The underemployment rate, or the number of persons who worked 35 hours or less a week and were seeking full-time employment, declined from 5.9 percent in 1983 to 5.6 percent in 1984. Thus total unemployment and underemployment averaged about 10.4 percent during 1983 and 1984. Both unemployment and underemployment were expected to edge upward in 1985 owing to tighter credit, stagnant demand, and the decline in production in a number of industries.

The 1853 Constitution, in force in the mid-1980s, contained an amended Article 14 that outlined workers' rights. Workers were entitled to a limited-length working day, a minimum wage, days of rest and vacation, equal pay for equal work, and protection against being arbitrarily discharged. In addi-

tion, workers were entitled to form trade unions and were guaranteed the right to bargain collectively and to strike.

The Ministry of Labor and Social Security was responsible for labor relations, such as conciliation and arbitration, wage rates for urban and rural workers, occupational health and safety, and employment services. About 4 million workers, or about one-third of the work force, were organized into trade unions in 1983. Workers were organized on an industrial basis by plant. Plant locals in turn were organized into national unions or federations according to industry (see Labor Groups, ch. 4).

Industry

Public Industrial Policies

The unstable world economic climate that emerged in the post-World War II period turned economic development efforts inward. Industry became the primary engine of growth, and the agricultural sector provided the financial resources to fuel its development. Industrial production was geared toward the domestic market. Industry largely developed behind high protective tariff and quota walls that insulated the sector from international competition. At the same time, the government promoted industrial development through the allocation of generous amounts of subsidized credit, which led to the wasteful use of investment capital. This inward-looking industrialization strategy provided an institutional foundation for a modern industrial sector, which in turn led to the development of a relatively skilled labor force (see Perón's First Presidency, 1946-51, ch. 1).

As a result, the productive structure of the economy was transformed between 1958 and 1963. The production of automobiles, steel, petrochemicals, and capital goods largely replaced agriculture and textiles as the dominant force in the economy. Concurrently, multinational companies from the United States and Britain gained an important foothold in industrial activity.

The period between 1963 and 1974 was characterized by a low rate of inflation, economic stability, modest restrictions on foreign capital, and the progressive shift from the production of nondurable consumer goods to intermediate and capital goods. During the period, industrial output grew 125 percent, equivalent to 8 percent annually. At the same time, both em-

ployment in the industrial sector and labor productivity increased by approximately 3.7 percent annually.

Despite these achievements, however, the 1945-74 period of import substitution industrialization also gave rise to a serious underutilization of the factors of production. The agricultural sector was particularly affected by the inward orientation of the development strategy as the urban bias of government policies resulted in low prices for farm products. Furthermore, indirect taxes on the export of agricultural commodities restrained exports and raised production costs, and exchange rate vagaries raised the cost of vital inputs so that land remained idle and production could not take advantage of such yield-increasing technologies as fertilizers and herbicides. Generous allotments of subsidized credit encouraged capital-intensive production and discriminated against the use of labor. The expansion of employment was restrained by organized labor, which sought to maximize the benefits of those that were already in the labor force.

In the mid-1970s the industrial sector was paralyzed by hyperinflation, recession, and an increased disequilibrium in the external sector that was aggravated by political instability. By 1975 the real exchange rate had fallen 11 percent below its 1970 level, industrial output had fallen 2.5 percent, and exports of manufactured goods had contracted by 40 percent. In March 1976 the Argentine military took control of the government and introduced an economic model that was based on the free market mechanisms of supply and demand. The new model completely overhauled the economic policies that had been in effect since the 1930s. The new economic managers abandoned the industrial strategy of import substitution industrialization that had focused on the domestic production of import-competing goods. The promotion of industrialization was supplanted by the overriding concern to contain inflation.

To promote efficient industrial development, the economy was progressively opened to international competition. Import tariffs were reduced in 1976 and 1977, international capital movements and interest rates were liberalized, and nominal wages were frozen in the midst of an inflationary upsurge. Between 1978 and 1980, however, the Argentine peso became overvalued in relation to the United States dollar, which had the effect of contracting exports and flooding the domestic market with inexpensive imports. Foreign competition thus forced domestic prices to decline in order to compete with those of imported goods.

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At first these measures encouraged capital investment and the modernization of plants as a means of expanding efficiency and productivity. The ready access to foreign credit and the discrimination against tradable goods that arose from the overvalued peso caused Argentina's external debt to increase to almost two-thirds of GDP. The rising debt adversely affected the industrial sector, undermined public confidence, and caused the government to fail in its efforts to stabilize and restructure the economy. Many firms adopted conservative policies in anticipation that the military government's economic policies would need to be modified. The series of significant peso devaluations in 1981 discouraged competitive imports and led to a modest expansion of exports, but policies to compensate for the drop in domestic demand failed to be enacted. At the same time, the devaluations greatly increased the peso cost of the industrial sector's foreign currency debts. Consequently, many firms were acquired by investors, merged with local companies, or went bankrupt. The large number of business closures also caused employment in the industrial sector to drop. By 1981 it had become evident that the administration's economic policies had failed. The deterioration of the economic situation contributed to the political crisis that enveloped the military government in 1982. In a desperate attempt to regain public support, the government was driven into the disastrous South Atlantic War in 1982 and was later forced to give up the reins of power.

The contraction of domestic demand caused by the economic recession was exacerbated by a restrictive monetary policy introduced in the first half of 1982. The persistent cutbacks in credit for operating expenses and the deterioration of the balance of payments accounts limited the use of expansive monetary policies to stimulate manufacturing and forced the government to impose import controls. During the second half of the year, a modest improvement in domestic demand occurred. Industry responded by drawing down inventories, while some firms expanded output.

During the second half of 1982 and 1983 the government reversed most of the policies that had plagued the industrial sector since 1976. The major factors accounting for the improvement of industrial output in 1983 were the reimposition of import controls, realistic exchange rate adjustments, and stimulative fiscal policies. The pace of recovery slowed during the last quarter of 1984 owing to the scarcity of foreign exchange to purchase needed foreign industrial inputs, the con-

tinued shortage of credit, and price controls that squeezed profit margins. Moreover, hyperinflation retarded consumer spending despite salary hikes. The downward trend in the industrial recovery that began in 1984 was expected to continue into 1985.

Energy

In the mid-1980s Argentina was endowed with bountiful energy resources. The country became self-sufficient in the production of petroleum in 1981, possessed vast untapped reserves of natural gas, and had substantial deposits of uranium and low-quality coal. In addition, alternative energy sources such as hydroelectricity and nuclear power were actively being developed.

Petroleum reserves fell from a total of 2.46 billion barrels in 1970 to about 2.4 billion barrels in 1984. Reserves remained relatively constant during that period because exploration and development by the public and private sectors were sufficient to permit the replacement of annual consumption with new discoveries. Known reserves were sufficient for a period of only 13 years at 1984 levels of consumption.

On average, about 64 percent of total oil production was conducted by the State Oil Company (Yacimientos Petrolíferos Fiscales—YPF), 34 percent by companies under contract to YPF, and 2 percent by private oil companies. YPF began the exploration and production of hydrocarbons (petroleum and natural gas) in 1907 and was actively involved in every facet of the industry except the marketing of natural gas. Specifically, YPF operated 4,600 kilometers of petroleum and refined-product pipelines, a fleet of oil tankers, and six oil refineries that accounted for 65 percent of productive capacity. Approximately US\$700 million, or 87 percent of YPF's total investment in 1983, was allocated to the exploration and development of hydrocarbons. The private sector has been active in exploration and production activities since 1916. In 1983 about 50 Argentine private oil companies and several foreign corporations operated 30 production contracts in existing fields and 15 risk contracts for the exploration of new areas. Contracts were awarded by YPF on the basis of international competitive bids.

Oil production steadily increased from 392,874 barrels per day (bpd) in 1970 to 496,712 bpd in 1981. Despite abundant resources, the country's output of petroleum stagnated in

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1982 and 1983 at 490,608 bpd and 480,677 bpd, respectively, then dropped to 480,000 bpd in 1984. Although YPF's output increased during 1982 and 1983, the quantity was insufficient to offset the decline in the production of contractors. Contractors cut back on output in the face of escalating costs and prices that were too low. Owing to repeated devaluations between 1980 and 1983, the United States dollar equivalent value of YPF payments to contractors fell below international petroleum prices and even below production costs for several contractors. At the same time, oil exploration declined; the number of new wells drilled by contractors dropped from 265 in 1980 to 238 in 1981 and to 102 in 1982. In October 1984 the administration of President Alfonsín confirmed the changes that had been proposed by the previous government to double the 1982 average price for the contractor's oil. The new provisions satisfied the contractors and made prices comparable to those that existed in other oil-producing countries.

The government made a fundamental shift in energy policy in early 1985 to increase the production of petroleum to levels that would supply domestic requirements and also allow a resumption of exports. During a speech in Houston, Texas, in March 1985, Alfonsín made an unqualified appeal to foreign investors to play a pivotal role in the development of the country's considerable but largely underexploited petroleum reserves. The announcement marked a watershed in the volatile history of the petroleum industry. Previous nationalistic policies, which discriminated against foreign oil companies, gave way to the pragmatic realization that foreign investment was necessary to develop adequately the energy sector.

In order to reach the goal of maintaining reserves equivalent to 15 years of production, approximately 4.8 billion barrels of new reserves (an annual average of 319 million barrels—more than twice the discovery rate of the past decade) would have to be discovered between 1985 and 2000. If the mid-1980 level of consumption were to increase at a modest annual rate of 3 percent, about 5.4 billion barrels of new reserves would be required by the year 2000, or an annual average of 360 million barrels over the period. Argentine and foreign private oil companies estimated that over US\$30 billion would have to be invested between 1985 and 2000 if the country was to be self-sufficient and generate exports by the 1990s, a time when world petroleum prices were expected to recover.

In 1985 only 540,000 square kilometers in western and

southern Argentina out of a potentially productive area of 1.1 million square kilometers were under development (see table 3, Appendix). Moreover, only 44 percent of the area under development had been actively surveyed for potential oil reserves. Thus the government believed that there existed large tracts that were readily accessible and demonstrated a high potential for successful exploitation. Although no discoveries had occurred in the northeast, geological formations there indicated the presence of potentially large deposits of petroleum.

Prior to 1985 foreign oil companies could explore for petroleum on an individual basis or in partnership with YPF, but under the terms of Law No. 21.778, all petroleum output had to be sold to YPF for processing or resale to other refineries. In recognition of the enormous amount of investment capital required to develop Argentina's petroleum sector, the government offered various incentives to prospective local and foreign investors. Beginning in 1985 oil companies could bid on new areas open for exploration under contractual terms that reflected the extent of the risk involved. At the same time, joint-venture operations were encouraged. Under the new forms of association, the government authorized seismic contract options that enabled the companies to review the potential of the areas explored before funds for drilling were committed. The seismic option was restricted to a two-year time limit in advantageous topographical areas on land and offshore and to three years in high-risk areas. In addition, payment was to be in the form of refined products that could be exported.

The high cost of developing the country's petroleum resources concurrently encouraged the government to make a concerted effort to promote alternative energy sources. In 1984 hydroelectric power accounted for more than one-half of total energy resources but supplied only about 9 percent of total demand for domestic energy reserves. Natural gas met less than one-third of total energy demand but had the potential to increase significantly its share. Conversely, the proven reserves of petroleum accounted for only 12 percent of total energy resources, but oil met about 56 percent of domestic demand for energy. Concurrently, nuclear power and coal satisfied 4 and 2 percent, respectively, of total demand. The government estimated that by the year 2000, petroleum would account for only 36 percent of energy consumption, natural gas would increase its share to 30 percent, hydroelectricity would jump to 24 percent, nuclear power would rise to 6

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percent, and coal consumption would expand slightly to 4 percent.

In the mid-1980s the government placed a high priority on developing its abundant supplies of natural gas as a partial substitute for its supply of petroleum. Official policy supported the substitution of petroleum-derived fuels with those from natural gas, which in turn would enable a large volume of light, refined products to be exported. Proven reserves of natural gas increased from 641 billion cubic meters in 1980 to more than 690 billion cubic meters in 1984. At 1984 levels of consumption, natural gas reserves were estimated to be sufficient for about 50 years. The addition of probable reserves, however, increased the reserve life for natural gas to 150 years. Despite its abundant supply of natural gas, Argentina has imported large quantities from Bolivia since 1968. In 1983 Argentina imported an average of 1.4 million cubic meters of natural gas per day from Bolivia. Contracts for the purchase of natural gas from Bolivia that extend through 1992 add about 22 billion cubic meters to Argentina's 1984 proven reserves.

Between 1980 and 1984 production of natural gas increased from 13.2 million cubic meters to about 14.5 million cubic meters annually. Natural gas was transported through a network of pipelines that stretched for over 6,640 kilometers. Natural gas was piped to Buenos Aires from the Comodoro Rivadavia and Campo Durán oil fields in the province of Salta. To meet the growing demand for natural gas, the San Sebastián-Cerro Redondo and Center-West pipelines were under construction in the mid-1980s. The Center-West gasline would supply the western and central provinces from natural gas fields in the provinces of Neuquén and Mendoza and would also be linked with the San Luis pipeline. Upon completion of the Center-West pipeline, 10 million cubic meters of natural gas would be transported daily within Argentina. Argentina was also actively exploring the potential for exporting natural gas to neighboring countries. Plans were being developed to build pipelines to the cities of São Paulo in Brazil, Montevideo in Uruguay, and Santiago-Valparaiso in Chile.

In the mid-1980s the large-scale development of hydroelectricity during the next decade was being planned. A major undertaking was the Yacyretá-Apipe hydroelectric plant, which was a joint venture between the governments of Argentina and Paraguay. Construction began in 1983 under the direction of Dumez of France and Impregilo of Italy. With an estimated cost of US\$10 billion, the plant was expected to have

a capacity of 2,700 megawatts upon completion in the late 1990s. Argentina was expected to use most of the generated power from the plant during its first several years of operation. Other binational projects included the Argentine-Paraguayan Corpus dam that would be built across the Río Paraná, downstream from the Yacyretá-Apipe plant; upon completion, the Corpus dam was expected to produce 4,020 megawatts of output. The Garabi, Roncador, and San Pedro dams that were planned to be built between 1985 and the mid-1990s by an Argentine-Brazilian joint venture would supply an additional 2,200 megawatts, 3,000 megawatts, and 736 megawatts, respectively. The most massive of the projected works was the Paraná Medio plant, which would include two dams about 300 kilometers apart. Both dams would have an installed capacity of 5,600 megawatts. Upon completion the project would generate about 40,000 gigawatts of electricity annually, which would be equivalent to that produced by the Corpus, Yacyretá-Apipe, and Salto Grande hydroelectric dams combined. The project was designed with the cooperation of the Soviet Union, from which the turbines would be purchased. Because of financial constraints, however, only one of the dams was slated to be completed by the mid-1990s.

Argentina began to develop its nuclear industrial activities in the mid-1960s under the direction of the National Atomic Energy Commission (Comisión Nacional de Energía Atómica—CNEA). In 1974 Atucha I became the first nuclear power plant installed in Latin America. In May 1983 the Embalse nuclear plant, with a capacity of 600 megawatts, was completed. The plant was built by Canadian, Italian, and Argentine contractors in eight years at a cost of some US\$1.3 billion. The 1980-85 National Energy Plan envisaged the completion of four new nuclear power plants by the end of the 1990s. Among them will be the Atucha II 682-megawatts nuclear plant, which was under construction in the mid-1980s. Atucha II was being built by Kraftwerk Union, a subsidiary of Siemens of the Federal Republic of Germany (West Germany), at a cost of US\$1.5 billion. In 1983 a Swiss-built heavy water plant was being constructed at a cost of US\$316 million. In the 1980s Argentina became an exporter of nonsensitive technology to other countries in Latin America that were interested in developing their nuclear industries. Bilateral agreements were signed with Brazil, Chile, Colombia, Ecuador, Peru, Uruguay, and Venezuela (see Nuclear Development and Capabilities, ch. 5).

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In 1983 Argentina's reserves of uranium oxide were estimated to total 29,500 tons. Almost 2,000 tons were located in the Sierra Pintada deposits in the province of Mendoza. In 1982 exploratory activities at Los Gigantes in the province of Córdoba unearthed about 5 million tons of low-grade ore reserves that were equivalent to 1,500 tons of uranium oxide. CNEA officials believed that the deposits could hold up to 3,000 tons of uranium oxide. Between 1980 and 1983 the annual production of uranium oxide increased from 284,900 to 504,000 kilograms.

The only large deposits of coal in Argentina were found in the Río Turbio area in the extreme southwestern part of the country. Approximately 99 percent of a total reserve level of 455 million tons of coal were located in that area. Between 1980 and 1983 an annual average of 472,000 tons of coal were produced.

Mining

Mining in Argentina continued to be an industry that was of only marginal importance during the first half of the 1980s. Mining contributed only 0.3 percent of the total GDP and generated 0.5 percent of the country's total foreign exchange earnings. Argentina possessed substantial mineral reserves, but relatively little exploration or large-scale exploitation had occurred because of the high risks, low yields, and long payback periods involved. In addition, many of the deposits were located in the western part of the country, remote from major coastal ports and industrial centers in the east.

The primary metallic minerals that were produced included uranium, iron, zinc, and lead. Important nonmetallic minerals included clays, boron, salt, feldspar, fluorite, vermiculite, and glass sand. Between 1980 and 1983 the total output of metallic, nonmetallic, construction, stone, rock, and limestone minerals averaged almost 61.2 million tons annually. Metallic minerals accounted for about 2 percent of this total, nonmetallic minerals for 8 percent, and the remainder for 90 percent. The total volume of metallic minerals increased from 965,000 tons in 1980 to almost 1.1 million tons in 1981. Production fell by 14 percent in 1982 but increased by 62 percent, to almost 1.5 million tons, in 1983. The production of nonmetallic minerals declined from 5.9 million tons in 1980 to slightly more than 4 million tons in 1983. Nonmetallic minerals used in the construction industry increased from 58.5 million tons in 1980

to 60 million tons in 1981, then declined by 12.4 and 7.2 percent, respectively, in 1982 and 1983.

Excluding steel, ferroalloys, and mineral fuels, the export value of minerals in 1983 totaled US\$35.6 million, whereas imports were valued at US\$115.7 million. Mineral exports were insignificant in total trade and demonstrated a declining trend over the 1980-83 period. Approximately seven metallic and 17 nonmetallic minerals were exported to 30 countries in 1983. Mineral exports were primarily lead, tin, silver, and borates. Although mineral imports declined by 9.3 percent in 1983 from 1982 levels, Argentina continued to be dependent on foreign sources for minerals, metal products, and manufactured minerals. Metallic imports included aluminum, chromium, iron, manganese, tin, and titanium. Nonmetallic mineral imports consisted of abrasives, asbestos, barite, cement, clays, cryolite, diatomite, graphite, magnesite, mica, phyllite, sulfur, and talc.

In 1983 Argentina's reserves of iron ore were estimated at 1.1 billion tons. The Sierra Grande deposits in the province of Río Negro accounted for 24 percent of total reserves; Santa Barbara and Unchime deposits in the province of Salta, 41 and 24 percent, respectively; Tacuru and San Blas deposits in the province of Misiones, 2 and 0.2 percent, respectively; and the deposit of Puerto Viejo in the province of Jujuy and the Cerro-Labrado deposits in the province of Salta, a total of 8 percent. Production of iron ore increased from 437,000 tons in 1980 to 629,000 tons in 1983 (see table 4, Appendix). Production did not meet domestic needs, however, and substantial quantities were imported from Brazil and small quantities from Chile and Bolivia.

The steel industry consisted of four integrated steel plants and two semi-integrated factories. The dominant steel producer was Somisa, a government-owned company. The output of crude steel peaked in 1979 at 3.2 million tons, declined in 1980, then increased to about 2.9 million tons in 1982 and again in 1983. The annual production capacity of the steel industry expanded to over 5 million tons of crude steel by 1983.

Copper deposits were located along the Andes mountains and were an extension of similar deposits in Chile and Peru. The El Pachón copper deposit in the province of San Juan was estimated to contain about 800 million tons of reserves. The state-owned Bajo la Alumbra deposits in Catamarca Province were estimated to contain about 350 million tons of copper

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reserves. Feasibility studies indicated that the deposits could produce about 60,000 tons of copper, 1 million tons of molybdenum, 192,900 troy ounces of gold, and 385,800 troy ounces of silver. Owing to financial constraints, however, the government was trying to arrange for a development loan from the World Bank (see Glossary) to develop the area. In 1980 the output of copper was 182 tons. In 1981 and 1982 output declined by 56 and 52 percent, respectively, and in 1983 it jumped by 518 percent to 235 tons.

Lead, silver, and zinc were mined at a deposit in the Andes Mountains, from which zinc and lead concentrates were produced. The ore body was estimated to hold reserves of about 6.6 million tons, which contained 6.2 percent lead, 7.6 percent zinc, and 3.7 percent silver per ton. The ore body was owned and operated by a subsidiary of the Fluor Corporation. A mill at the mine had a daily capacity of 2,300 tons of ore. Almost the entire quantity of zinc and primary lead produced in Argentina derived from these deposits and the processing plant. Other producers of lead, zinc, and silver included Geotécnica in the province of Río Negro, Río Cincel in Jujuy, and Cerro Castile in Chubut.

In 1983 several medium-to-large deposits of manganese were discovered in the province of Santiago del Estero. Moreover, some 53 other known deposits of manganese were located in the same area. Annual production of manganese ranged between 2,706 and 6,146 tons during the 1980-83 period.

Manufacturing

In the mid-1980s manufacturing was the largest single component of GDP. Between 1980 and 1984 the share of manufacturing increased from 22.4 to 24.8 percent of GDP. Nevertheless, this 1984 level was the same as that attained in 1970 and was less than the 25.3-percent share achieved in 1975.

Between 1970 and 1980 the fastest-growing industries were machinery and equipment, chemicals, petrochemicals, and basic metals; the slowest-growing industries included food and beverages, textiles, wood products, and paper and printing. In 1984 machinery and equipment formed the largest industrial component in the manufacturing sector, followed by the food and beverage and the chemical industries.

The manufacturing sector was devastated by the economic recession that began in late 1980, intensified during 1981, and

continued into 1982. The military government that took over in 1976 introduced a policy to deliberately open the economy to foreign competition by reducing protective barriers against imported manufactured goods. The principal aim of the economic managers was to dampen inflationary price increases, improve industrial productivity, and promote the competitive potential of Argentine industrial exports. The combined loss of protective barriers and an overvalued exchange rate precipitated a severe contraction in the manufacturing sector. Manufacturing activity only began to recover at the end of 1982 and in 1983 because of the reversal of policies that had been in effect since 1976. Overall manufacturing output declined by 3.8 percent in 1980, 16 percent in 1981, and 4.5 percent in 1982, then increased by 10 percent in 1983 and 4.3 percent in 1984.

The manufacturing sector's efforts to adjust to foreign competition were evident in the declining performance of the industries producing durable consumer goods and capital goods. The steel and automotive industries were hit particularly hard. From a peak of 282,000 vehicles in 1980, the level of production contracted by 39 percent in 1981 to 172,000 units and to 132,000 units in 1982. Citroën-Argentina and Chrysler responded to the increased level of competition from Japanese vehicles by shutting down their operations. Domestic investors acquired majority ownership of Citroën-Argentina and secured the exclusive right to produce Citroën cars. Volkswagen purchased Chrysler's plants and planned to begin fabricating its own models by the mid-1980s. Peugeot withdrew from Sevel, the Fiat-Peugeot joint venture, in early 1982. Local investors obtained a controlling interest in the firm, and Sevel enjoyed a lucrative sales year in 1982, as did Volkswagen. The automotive downturn was also reflected in the poor performance of such engine and vehicle components as metal products, rubber, tires, paint, and steel parts. The devaluations of 1981 and 1982 and the tightening of imports sparked a recovery in the automotive sector in 1983, when the production of vehicles increased by 21 percent to 160,000 units.

After a 54-percent drop in output in 1981 and continued poor sales prospects in 1982, the tractor industry made a remarkable recovery in 1983. In that year the production of tractors increased by 163 percent, and the prospects for 1984 indicated a strong growth in output. In 1984 the domestic tractor company, Zanella, took about 40 percent of the mar-

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ket. Massey-Ferguson and Deutz each had a 21-percent share, Fiat had 12 percent, and John Deere had 6 percent.

The steel industry expanded rapidly in the first half of the 1970s in response to the growth of domestic demand. In the late 1970s and early 1980s the steel sector encountered a climate of sagging demand in the local market, an upsurge of competitive imports, exporting difficulties caused by the deterioration in the real exchange rate, and restrictions in access to foreign markets. The depressing effect on the sector was only partially offset by government subsidies for exports. In 1976 there had been over a dozen companies producing or processing steel. As a result of acquisitions, mergers, and bankruptcies, the field had been reduced to six firms in 1983. Those six companies accounted for almost 95 percent of the domestic production of steel and steel products. The 1980-82 downturn resulted in a loss of earnings for the government-owned steel company, Somisa, and for the Acindar Company, which had merged with the Gurmendi and Santa Rosa companies in 1981. The Dalmine Company increased its annual sales in 1981 by 106 percent, largely as a result of a successful export drive to China. The most successful of the largest steel companies was Propulsora, which increased its net returns on sales from 3.3 percent in 1980 to 8.6 percent in 1981.

The output of pig iron declined by 7.5 percent in 1980, 4 percent in 1981, 10 percent in 1982, and 1.4 percent in 1983. The production of crude steel declined by 15.6 percent in 1980 and 6.5 percent in 1981, then increased by 15 and 0.4 percent in 1982 and 1983, respectively. The output of rolled steel products dropped by 11.5 percent in 1980 and 17 percent in 1981, then increased by 21.6 and 5.5 percent in 1982 and 1983. Argentina exported approximately US\$207 million and imported over US\$350 million worth of steel products in 1983.

During the first two quarters of 1984 the output of steel declined by 12 percent in comparison with the same period in 1983. In 1984 domestic demand contracted largely because of government budgetary reductions for public works projects that were heavy users of steel products. At the same time, the reduction of private sector investment and the continued contraction of the construction industry further reduced the local demand for steel products.

Between 1980 and 1982 the activities that were most seriously affected as a result of the increased exposure to competition from imports were the textile, clothing, and pulp and

paper industries. The textile industry was severely affected by cheaper imports that supplied almost 60 percent of the domestic market, which in turn reduced domestic output to 67 percent of its normal capacity. The reduced demand caused by high domestic interest rates and the recessionary climate forced the closure of a number of the smaller textile firms. The production value of textiles declined by 15 percent in 1980, 20 percent in 1981, and 1 percent in 1982 but expanded by 14 percent in 1983 in response to the reimposition of import controls and the re-establishment of interest rate subsidies. During the first half of 1984 the upturn in local wages supported a positive growth in textile products, but the recovery faltered in the closing months of the year because of higher production costs, the imposition of price controls, and slackened demand caused by smaller wage gains in the public sector. Pulp and paper production also encountered mounting competition from imported goods. The value of paper output dropped by 17.5 percent in 1980 and by 18 percent in 1981. Earnings in the paper industry recovered in 1982 and 1983, when the production of paper and cardboard expanded by 28 percent to 908,300 tons. The production of pulp increased by 41 percent, to 611,200 tons, in 1983. The pulp and paper industry was assisted in its recovery by reinstated import controls and by the use of new production facilities that came on-line in 1982-83. The Alto Paraná facility significantly increased the capacity for the production of wood and pulp, whereas the Papel del Tucumán plant caused the supply of newsprint paper to expand.

The chemical industry weathered the economic recession relatively well. Output value fell by only 6 percent in 1980, 7 percent in 1981, and 1.3 percent in 1982. In 1983 production recovered for most products, and net earnings jumped by 10 percent. The chemical industry accounted for 4 percent of GDP and was the third largest contributor to the industrial product.

Of the top 50 firms in Argentina, 14 government companies accounted for 50 percent of total sales in the early 1980s. Government firms accounted for 70 percent of total sales in the petroleum sector; 98 percent in electricity, gas, and water; 59 percent in shipbuilding; 34 percent in steel; and 19 percent in meatpacking. During the 1980-82 industrial recession, government firms experienced sharp contractions in profitability. All but four of the 14 top government firms posted losses in 1981. The government-owned electric company, Segba, in-

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creased its profits by 88 percent in 1981 after having recorded a loss in 1980. Other state-owned utilities, such as Gas del Estado, Agua y Energía, and the telephone company, Entel, also recorded losses in the 1981-82 period. The state-owned railroad company, Argentine Railways (Ferrocarriles Argentinos—FA), recorded losses in both 1980 and 1981. Earnings improved for most of the state companies in 1983.

Transportation

In the mid-1980s the transportation system was the most extensive in Latin America (see fig. 7). Transportation played a key role in the integration of the interior provinces into the national economy and the development of the export sector. The surface transportation of freight was carried 49 percent by road, 18 percent by river and coastal transport, 22 percent by natural gas and petroleum pipelines, and only 11 percent by the railroads. Export products, on the other hand, were transported 91 percent by oceangoing vessels, about 5 percent through oil and gas ducts, 3 percent by trucks, and barely 1 percent by a combination of rail, air, and other methods of transportation. In 1983 the transportation sector contributed approximately US\$7 billion to the gross national product (GNP—see Glossary), and freight revenues were estimated at US\$12 billion.

In 1983 Argentina possessed six separate railroad lines that extended over 34,100 kilometers throughout the country. Most lines radiated from the ports in the cities of Buenos Aires, Rosario, Santa Fe, and Bahía Blanca on track that was not of uniform gauge; four lines were of broad gauge, one of standard gauge, and another of narrow gauge track. Consequently, passenger and cargo traffic traveling between regions generally had to be routed through Buenos Aires and transferred to another line with a different gauge of track. About 19 million tons of freight and 300 million passengers were transported annually on the railroad system. Approximately 47 percent of the total railroad network was considered to be in good condition, while the remainder was in fair to poor condition. Moreover, continued operating deficits, featherbedding, poor maintenance, and outdated equipment constrained the efficient operation of the railroad system, which was managed by the state-owned enterprise, FA. FA planned to standardize the rolling stock, speed up the process of maintenance and repairs,

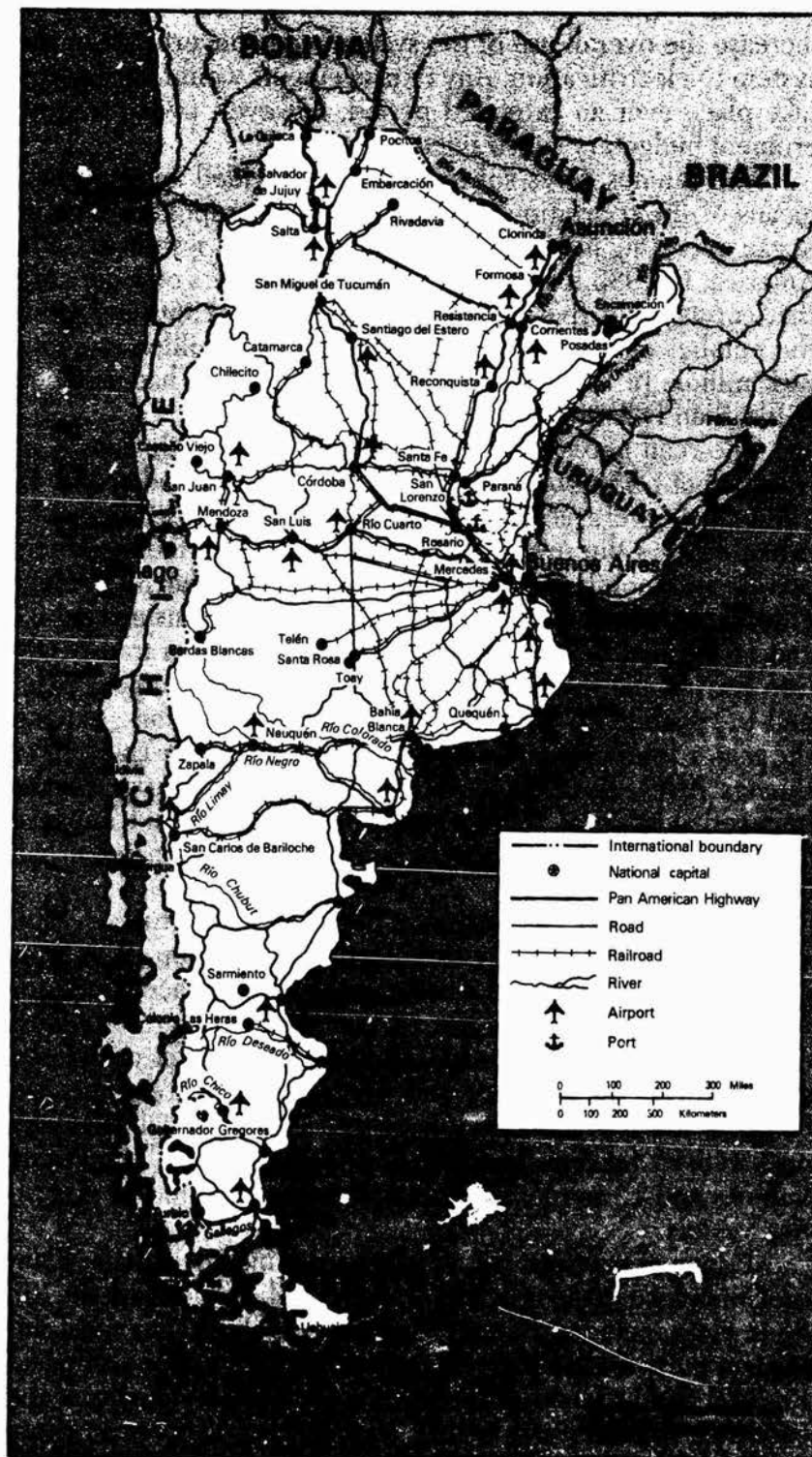


Figure 7. Transportation System, 1983

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increase the overall use of the system, and convert part of the system to electrification. Any improvements would necessarily take place over an extended period, however, owing to government budgetary constraints.

The Buenos Aires subway system provided an important means of transportation throughout the metropolitan area. It began operating in 1913 and was the first such system in Latin America. In 1983 it extended over 34 kilometers on a network that consisted of five subway lines. Between 1960 and 1980 the number of passengers declined from 300 million to about 201 million. In 1982 the number of annual riders had dropped to less than 182 million.

The road network extended over 1 million kilometers, of which about 55,000 kilometers consisted of paved roads. In 1982 there were about 5 million vehicles in use. In major urban centers the preferred method of transportation was by private automobile, which accounted for more than 38 percent of total passenger traffic annually. Buses and trains carried 37 and 15 percent, respectively, while other means of transportation carried the remaining passengers. The government planned to rehabilitate part of the existing road network; expand the major interurban corridor that stretched from La Plata to Buenos Aires, Rosario, Santa Fe, and Córdoba; upgrade the unpaved portion of the national road network; and improve access highways between remote provinces and major urban centers.

In early 1983 the merchant fleet consisted of nearly 200 ships with a total capacity estimated at 3.1 million gross tons, of which the state-owned merchant marine fleet accounted for 23 percent of the total. Some 60 tankers accounted for almost one-third of the total tonnage, about 20 grain ships comprised an additional 30 percent, and other kinds of freighters accounted for the remaining tonnage. The state oil company operated 25 tankers. In 1983 about 42 percent of Argentine imports and 13 percent of its exports were carried by Argentine vessels.

Principal ports on the Atlantic coast included Bahía Blanca, Comodoro Rivadavia, and Quequén. Major ports on the Río de la Plata included Buenos Aires and La Plata. The most important ports along the Río Paraná were San Nicolás, Campana, Rosario, San Lorenzo, and Santa Fe. Over three-fourths of the country's international freight tonnage was handled in these 10 ports. The port of Buenos Aires, alone, accounted for about 40 percent of the total. A majority of ports specialized in the

handling of a particular cargo; Buenos Aires handled most kinds of cargo and grains. Bahía Blanca, Quequén, Rosario, and Santa Fe primarily handled grain. Comodoro Rivadavia, San Nicolás, San Lorenzo, and La Plata primarily handled mineral and petroleum products.

River transport operated largely on the 3,000-kilometer navigable inland water network consisting of the Río de la Plata estuary and its tributaries, the Río Paraná, Río Uruguay, Río Paraguay, and Río Alto Paraná. These important trade routes generally excluded large vessels or their loading capacity was restricted because of shallow depths and silting channels.

Owing to vast territorial expanses between urban centers, a large potential existed for expanding the domestic air transportation system. Although domestic air service developed rapidly over the past three decades, only about 6.4 percent of total interurban passenger traffic and 0.02 percent of all freight were carried by airplanes. The most important state-owned airline, Argentine Airlines, maintained an extensive domestic air service network that linked all provincial capitals and many other cities with Buenos Aires. In 1983 about 50 percent of all domestic air routes were operated by Argentine Airlines. Other smaller national, state-owned airlines that provided similar services included Austral Airlines, Air Chaco, and State Airlines. A 1983 law required that all international air freight that was destined for the provinces had to be unloaded in Buenos Aires and thereafter carried on national airlines.

In 1982 approximately 4.7 million passengers were transported by national air carriers, of which about 43 percent traveled on international flights. Argentine Airlines was estimated to have flown almost 5.2 billion passenger-kilometers, of which 54 percent were international.

Argentina had over 200 airports and landing fields in 1982; of these, 25 were used for international flights. The Ezeiza International Airport, located to the south of the city of Buenos Aires was the largest. The busiest airport was the Aeroparque, located in downtown Buenos Aires, which primarily served all domestic air routes and international flights to Uruguay and Paraguay.

Agriculture

Public Agricultural Policies

Argentina was endowed with a vast agricultural potential,

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which derived from some of the richest soils in the world and climate conditions that were conducive to the cultivation of most temperate zone crops (see Topography and Climate, ch.2). In the mid-1980s agriculture continued to be the backbone of the nation's economy. The country was self-sufficient in almost every category of agricultural production and was a major exporter of grains, oilseeds, and beef. Agricultural production alone accounted for over 15 percent of GDP. Associated agroindustrial activities in processing, transport, sales, and other services raised the total share of agriculture-based output in GDP to about 30 percent. The agricultural sector contributed food and labor to the industrial urban centers; provided almost three-fourths of total export receipts, which financed vital imports of raw materials and capital goods required for industrialization; and offered the financing to help alleviate the burdensome economic constraints imposed by the country's huge foreign debt.

Despite the overwhelming importance of agriculture to the nation's economic well-being, the sector was unable to develop fully its potential by expanding production and trade. Argentina's historical penchant for political and economic instability and vagaries in government policies stifled production and bred an atmosphere of uncertainty. Since 1976 declining prices, surging inflation, and rising input costs caught producers in a cost-price squeeze that was compounded by late price-support announcements, changing foreign exchange regimes, an overvalued peso, unscheduled peso devaluations, and frequent changes in export taxes and tariffs that made it very difficult to gauge government intentions. In a climate of high risks and few economic incentives, producers were inhibited from making long-term investments and adopted low-risk cultivation and livestock-raising practices.

In 1980 Argentina's agricultural policy underwent several significant modifications that affected both the domestic and the foreign trade sectors. The government failed to devalue the peso in line with increases in the inflation rate; although the rate of inflation was 88 percent, the peso was devalued by only 23 percent. The overvaluation of the peso acted as an indirect form of taxation on agricultural exports. Exports became increasingly costly in world markets, while imports were a bargain. Despite Argentina's self-sufficiency in agriculture, foodstuffs were actually imported to take advantage of their lower cost. Consequently, producers' returns were squeezed even further. The cattle, dairy, fruit, and tobacco industries

were particularly affected because of their heavy dependence on export earnings. Grain and oilseed producers were not affected as severely owing to world production shortfalls that kept prices at favorable levels. At the same time, the indebtedness of producers worsened because credit for operating expenses became prohibitive as domestic interest rates increased to about 6 percent per month, or 105 percent annually. Matters were exacerbated during the year by a series of record-setting weather aberrations that included a severe drought in January followed by extensive flooding in April and May. The production of corn, sorghum, and soybeans was most severely affected. A second drought in June diminished the output of wheat. The livestock sector was also weakened by serious financial problems that stemmed from high inflation, an unfavorable foreign exchange rate policy, and reduced export demand.

To improve the competitiveness of agricultural exports in the world market, the government introduced export rebates of 10 percent for various commodities and eliminated about 22 specific production and export taxes on cattle, grain, oilseeds, and processed farm commodities. A value-added tax (VAT) was introduced to offset the loss of public revenues that had been generated by export taxes. The VAT also substituted for the employers' and farmers' former practice of contributing 20 percent of their annual average wage bill to social security and housing. In effect, the VAT shifted part of the tax burden from the farmer (as producer and employer) to the consumer.

The most important change in agricultural export policy in 1980 was a shift to long-term bilateral trade agreements to ensure markets for domestic grain exporters. This shift was intended to encourage increased production of grain for export and to offset Argentina's decline in trade with the nations of the European Economic Community (EEC). Grain accords were signed with the Soviet Union, China, Iraq, and Mexico. Argentina was the only major grain exporter that did not participate in the United States-led partial grain embargo against the Soviet Union in protest of its 1979 invasion of Afghanistan. The government's decision not to participate in the embargo had the unforeseen result of offsetting the adverse effects precipitated by economic and meteorological constraints. The Soviets purchased significant quantities of corn, sorghum, and wheat at premium prices.

Growth in the agricultural sector was uneven in 1981. The production of cereals, vegetables, and pulses increased, while

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oilseeds, fruit, and industrial crops declined. The differences in output occurred in response to weather and market influences and to changes in government policies.

During 1981 the peso underwent a series of massive devaluations that made agricultural exports more competitive and imports less so. The combination of peso devaluations in February, April, and June, the introduction of a two-tiered exchange rate on June 22, and the unification of the dual exchange rates on December 22 caused the value of the peso to fall by about 430 percent. The rate of inflation was about 130 percent, however, so that the decrease in the value of the peso was only about 300 percent in relation to the United States dollar.

Although international prices for cereals declined in 1981, the improvement in relative prices as a result of the devaluations increased the area planted in cereals. The output of other export crops, such as beans, increased, while the market for vegetables expanded because of reduced competition from imports. Adverse weather conditions diminished the output of fruit, which in turn restricted exports. The sharp deterioration of world prices for cotton and sugar prevented those farmers from taking advantage of the devaluations. The beneficial effects of the devaluations took effect after the harvests for tea and tobacco had taken place.

In the face of high inflation and low prices for beef until November, the cattle sector encountered poor economic returns. The export of beef products was stagnant as a result of weak international demand. High domestic interest rates also negatively affected the livestock sector more than the crop sector because the raising of livestock requires that capital be immobilized for longer periods.

In December 1981 a new administration placed a 10-percent export tax on all agricultural products that did not have export rebates at the time. The new policy was implemented in conjunction with the merging of the dual exchange rates in order to offset the resulting devaluation and to provide additional revenues for the government. Although many products enjoyed export rebates, the most important export earners, such as cereals, oilseeds, and unprocessed beef, were not granted rebates and were therefore subject to export taxes. The only cereal and oilseed commodities that did receive rebates were rice and confectionary peanuts.

The peso continued to be devalued in 1982, when its value fell by almost 400 percent. The devaluations caused rela-

tive prices to fall faster than the inflation rate, so the competitive position of exports improved further. The commodity prices also outpaced inflation because of the devaluations. Moreover, government financial policies that resulted in negative real interest rates indirectly assisted farmers in repaying a sizeable portion of their outstanding debt. Although the devaluations benefited the farmers' earnings, they also caused a 500-percent increase in the cost of imported inputs, such as fertilizers and pesticides.

The peso devaluations were accompanied by the introduction of export taxes and the increase of existing export taxes in July to curb windfall profits and to help generate additional government revenues. A 25-percent export tax was placed on unprocessed commodities, and a 20-percent tax covered unprocessed meats. Processed export crops were assigned lower tax rates that varied, depending on the product or the country of destination.

The new government promoted the export of nontraditional and higher-valued commodities by reducing export taxes to 15 percent on meat cuts and oilseed meals, except soybean meals; a tax of about 10 percent was established for oilseed oils, soybean meal, pulses, wheat flour, tanned hides, fresh apples, pears, grapes, citrus, raisins, garlic, onions, frozen vegetables, raw cotton, tea, cigarettes, cigars, honey, milled rice, and confectionary peanuts; and zero on such meat products as cooked and canned beef. Export rebates were granted only if products were destined for new markets.

In 1983 crop output declined by 0.3 percent, and livestock increased by 2.2 percent. The total output of cereals and oilseeds reached a record level of 40 million tons. The output of wheat and sunflowers declined, however, owing to adverse weather conditions and the fall of world prices for wheat. Improved world prices for oilseeds stimulated an expansion in the area planted and in output. As a group, industrial crops declined slightly because of weak prices for cotton at the time of planting. The output of some industrial crops, such as sugarcane, tobacco, and tea, however, increased.

Although export taxes remained similar in 1983 to the levels that existed in 1982, the tax on wheat was reduced from 25 to 18 percent in December to compensate for the lower international prices and to stimulate output. At the same time, support prices for wheat were announced in advance of planting rather than prior to the harvest as previously practiced. To improve crop yields, the government lowered the VAT on

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herbicides from 18 to 5 percent. Import tariffs on fertilizers were also lowered in 1983.

Beef prices advanced sharply in the second half of 1983. To counter the inflationary impact of rapidly rising beef prices when domestic beef supplies were low, the Alfonsín administration introduced a beefless week and two beefless days per week at restaurants in March. The new government concurrently urged the public through mass media to consume less beef in order to counteract inflation. The consumption ban in restaurants was extended through 1985. Nevertheless, beef remained the cheapest and most abundant source of protein available. The output of substitute meats did not respond sufficiently because their prices tended to lag behind the price of beef. Toward the end of the year, the government announced its intention to purchase and sell cattle and beef on both the domestic and the export markets in order to restrain wide fluctuations in beef prices. Although the government's stated aim was to promote a larger output of beef, farmers interpreted the action as another in a series of gross government interventions in an area that remained outside its level of competency.

Despite low crop prices, hyperinflation, restrictive export taxes, and an overvalued peso, the prospects for crops were superior to those for livestock. In 1984 the combined output for cereals and oilseeds reached a record of over 43 million tons. During the year the government acknowledged the importance of agriculture in helping to solve the nation's foreign debt crisis. Thus it was announced that the government's priority during 1984 and 1985 would be the removal of some of the disincentives to encourage the expansion of output and of exports. The administration announced the continuation of the wheat support program and the initiation of a similar program for small-scale corn producers. It also increased the availability of financial assistance for the transportation of cereals and oilseeds from farmers in the outlying provinces, introduced a limited credit program for small-scale producers, permitted farmers to barter cereals for fertilizer and petroleum, continued the reduction of the VAT on herbicides and fertilizers, removed tariffs on nitrogen fertilizers, and announced plans for the construction of three new fertilizer plants.

The government has subsidized credit to agricultural producers since the 1940s. The National Development Bank and provincial banks played central roles in the allocation of credit to the farm sector. In the early 1980s the National Develop-

ment Bank provided about one-third of the total amount of agricultural credit. Almost three-quarters of the National Development Bank's loans were used to cover the operating expenses of producers; the remainder financed capital investments and disaster relief. Short-term loans funded planting and harvesting costs.

Land Use

In the mid-1980s the total continental land area of Argentina exceeded 277 million hectares. Annual and permanent crops accounted for 8.3 percent of the total land area; permanent pastures, 5.4 percent; natural grasslands, 52.3 percent; forest and brushlands, 16.1 percent; and unusable land, 17.9 percent. Between 1960 and 1982 the total land area under crops and permanent pastures increased by 21 and 53 percent, respectively, while natural grasslands declined by 6 percent.

A very high proportion of Argentina's agricultural production activities were concentrated in the pampas, or grassland region. The pampas extended over an area that covered 60 million hectares, or about one-fifth of the national territory. The combination of fertile soils, a temperate climate, and regular rainfall attracted approximately two-thirds of the nation's production of cereals, oilseeds, and livestock. Such industrial crops as cotton, tobacco, sugarcane, and yerba maté were primarily cultivated outside the pampas. Fruit, hardier cattle breeds, and sheep were also produced in other areas of the country.

Approximately 72 percent of the land area under cultivation for annual and permanent crops was accounted for by cereal crops. Oilseeds accounted for 21 percent; industrial and fruit crops, 3 percent each; and vegetables, 1 percent. From 1960 to 1982 oilseeds demonstrated an impressive growth of 83 percent in area planted, while cereals and fruit each increased by only 16 percent. The area devoted to such industrial crops as sugarcane, cotton, tea, and yerba maté declined by 32 percent, and the area devoted to vegetables contracted by 38 percent.

Soybeans, sunflower seeds, and flaxseeds accounted for over 87 percent of the area under oilseeds. The area planted with soybeans increased from 2.1 million hectares in 1980 to 2.8 million hectares in 1984. The area devoted to the sunflower crop declined from 2 million to 1.4 million hectares between 1980 and 1981, then increased to 2.1 million hectares

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in 1984. Flaxseed area declined from almost 1.1 million hectares in 1980 to 680,000 hectares in 1984.

Wheat, corn, sorghum, and oats increased their share of the total area devoted to cereals from 83 percent in 1980 to almost 90 percent in 1984. The area planted in wheat increased by 44 percent over the period to 7.2 million hectares in 1984. The area in corn stagnated with an average of 3.5 million hectares during this period. The area under sorghum fluctuated from a low of 1.8 million hectares in 1980 to a high of 2.7 million hectares in 1982 before declining again to 2.5 million hectares in 1984.

The area planted with cotton, sugarcane, and tobacco accounted for 89 percent of the total area devoted to industrial crops in 1983. Between 1970 and 1983 the area under cotton cultivation declined by 1.7 percent per annum, while tracts of sugarcane increased by 4.3 percent annually, and those of tobacco declined by 1 percent.

Potatoes, sweet potatoes, dry beans, and tomatoes accounted for more than three-fourths of the area planted with vegetables. From 1970 to the early 1980s, the area cultivated with potatoes declined by 5.3 percent; sweet potato and tomato area declined by 3.8 percent and 1.6 percent, respectively; and the area under dry beans expanded by 13 percent annually.

Between 1970 and 1983 the growth of production in cereals and oilseeds was largely owing to rapid increases in yields, as opposed to the slow expansion of area cultivated. Yields for industrial, fruit, and vegetable crops grew at a much slower pace. Overall, the area planted with cereals, oilseeds, industrial crops, fruit, and vegetables increased by 0.3 percent annually during the period, while yields rose by 3.4 percent.

Yields began to increase in the late 1960s with the introduction of improved seed varieties. Hybrid seeds improved the average yield for corn, but the lack of fertilization led to a stagnation of yields during the late 1970s. In most cases, however, corn seeds were developed for their resistance to drought and diseases. Hybrids that were responsive to fertilizers began to receive greater attention from farmers in the late 1960s owing to the introduction of Mexican wheat varieties. Subsequently, hybrid seeds were particularly effective in increasing the yields of sunflowers and sorghum.

Pesticides and herbicides contributed to a modest increase in yields, but they were only used for a few cereal and oilseed crops. The shrinkage of the rural labor force that was generat-

ed by migration to urban centers in the post-World War II period caused farmers to shift toward the use of herbicides to control weeds. Pesticides largely protected such high-valued crops as fruits, potatoes, vegetables, tobacco, and sugarcane. Restrictive import tariffs on pesticides prevented farmers from taking full advantage of their potential until after 1979. In August 1979 the government completely eliminated import tariffs on pesticides, and their use spread. Nonetheless, the differential in price ratios caused by unstable exchange rates made their wider dissemination uneconomical to the average Argentine farmer.

By the early 1980s Argentina's yields for cereals and oilseeds compared favorably with those of other major producing countries. The improvement in yield was significant because of the relatively modest use of chemical fertilizers. During the 1970s Argentina's use of fertilizers accounted for only 2.3 percent of the world total and 6.7 percent of the total for Latin America. In 1980 the domestic application of fertilizer amounted to an average of three kilograms per hectare of cropland; by 1983 the average had fallen to 2.8 kilograms per hectare.

Fertilizers were primarily used to improve the output of fruit, vegetables, and a few industrial crops, such as sugarcane. The application of fertilizers increased significantly after 1976, particularly on wheat. Only 2 percent of the area planted in wheat was fertilized in 1977, but by 1980 about 13 percent was fertilized. In 1981 fertilizer use declined to 8 percent of the total area in wheat, but it again increased to 13 percent in 1983, when import barriers were reduced.

Labor productivity in the cultivation of crops increased significantly between 1960 and 1980 owing to the mechanization of agriculture. During that time, the tractor largely replaced the horse as the main source of draft power, and the number of tractors increased by approximately 50 percent. Until 1977 subsidized credit served to accelerate the spread of mechanization. After 1977 this credit assistance ended, and both the production and the sale of tractors fell. The decline in demand was evident in the decline in the use of tractors from 155,589 units in 1978 to 131,436 in 1982. Although the use of tractors remained below the standards of equivalent countries, their use was made efficient through the widespread adoption of machinery contracting. Such contractors offered a wide range of services, including the preparation of land, fertilization, and harvesting.

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Farm credit, marketing, research, and extension services provided the necessary institutional support to expand output and assist in the introduction of new farm technologies. Technical and farm management services were provided by a number of government and private organizations. The National Institute of Agricultural Technology (Instituto Nacional de Tecnología Agropecuaria—INTA) was the most important public organization providing research and extension service. INTA operated over 40 experimental stations and 13 regional centers throughout the country. New research developments from these stations were provided to farmers through a network of 230 extension agencies. In 1984 about 1,700 staff members were actively involved in the provision of research and extension services. Economic and farm management teams were assigned to regional centers to conduct analyses and disseminate the results to farmers. In addition, the Argentine Association of Regional Experimental Consortia offered farmers individualized advice on agricultural matters for a standard fee. Distributors of farm inputs, marketing agencies, and agricultural cooperatives also provided advice and technical assistance to the agricultural sector.

Crops

Numerous and diverse crops were cultivated for both domestic consumption and export. The two most important crop groups included cereals and oilseeds, which together accounted for almost 90 percent of the country's total agricultural export volume and 70 percent of the export value in 1983. The total production of both commodity groups increased from 34.8 million tons in 1980 to about 43.4 million tons in 1984. The government set an annual production goal of 60 million tons of cereals and oilseeds to be met by the end of the 1980s.

The total production of cereals increased from 29 million tons in 1980 to 33 million in 1982, then dropped to 30 million in 1983, and recovered to 32.4 million tons in 1984. Wheat, corn, sorghum, and oats constituted almost 97 percent of total cereal production during the 1980-84 period, while barley, rye, millet, and milled rice constituted the remaining 3 percent.

Between 1980 and 1984 wheat averaged about 37 percent of total cereal production. The output of wheat declined by 4 percent from 1979 to 1980, to 7.8 million tons, because a severe drought diminished yields as well as the areas harvested

(see table 5, Appendix). Output expanded by 7 percent in 1981 because of improved prices at planting time and the need for cash by financially strapped farmers, and by 81 percent, to 15 million tons, in 1982 as a result of a 46-percent increase in average yields and a 23-percent rise in harvested area. In 1983 output fell by 18 percent as the harvested area declined and wheat yields returned to more than normal levels. Production in 1984 was estimated to have increased by 7 percent, largely as the result of record yields caused by the wider application of fertilizers and almost ideal weather conditions. An average of about 66 percent of the wheat crop was produced in the province of Buenos Aires. Other important provinces that produced wheat included Santa Fe, 15 percent; Córdoba, 10 percent; La Pampa, 6 percent; and Entre Ríos, 2 percent. Less than 1 percent was grown in other provinces. About 5 million tons of wheat a year was consumed domestically in the early 1980s, of which 96 percent was converted into wheat flour at approximately 75 wheat milling plants, and 4 percent was used as feed for livestock.

Between 1980 and 1984 corn averaged about 34 percent of the total volume of cereals that were produced in the country. Corn output from 1979 to 1980 jumped by over 100 percent to 12.9 million tons, reflecting record yields. During the next three years corn production dropped by almost 29 percent as yields declined and producers increasingly shifted to oilseeds because of their higher profitability. In 1984 corn production rose by more than 19 percent to 11 million tons, a gain that stemmed from a wider use of drought-resistant hybrid seeds. Approximately 43 percent of the total corn crop was produced in the province of Buenos Aires. Other leading producers included the provinces of Córdoba, with 27 percent of the total, and Santa Fe, with 13 percent. Output in the province of San Luis made up 7 percent; La Pampa, 3 percent; Entre Ríos, 1 percent; and other provinces, the remaining 6 percent. An average of about 6.6 million tons of corn were consumed domestically each year, of which about 48 percent was used for livestock feed.

The production of rice fluctuated in response to adverse weather conditions and the attractiveness of prices. The production of paddy rice ranged from a low of 277,000 tons to a high of 338,000 tons over the 1980-84 period. Approximately 65 percent of the paddy rice was converted into milled rice. From a level of 186,000 tons in 1980, the production of milled rice increased by 13 percent in 1981, dropped by 14 percent

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in 1982, jumped by 71 percent in 1983, and declined by 16 percent in 1984.

About 24 percent of total cereal cultivation was sorghum. Despite record yields in 1980, the production of sorghum reached only 7.1 million tons as a result of a serious drought that adversely affected the crop. In 1981 output reached a record of 8 million tons, as part of the area that had been intended for corn was switched to sorghum. Output declined by 15 percent over the succeeding three years because of a general dissatisfaction with low prices. On average, about 33 percent of the sorghum was produced in the province of Córdoba. Buenos Aires Province was the second leading producer with 19 percent of the total. Santa Fe Province accounted for 15 percent; La Pampa, 9 percent; Entre Ríos, 7 percent; Chaco, 6 percent; Santiago del Estero, 6 percent; and a combination of other provinces, the remaining 5 percent. Sorghum was primarily used as a feed for livestock during the winter. In recent years an average of about 2.6 million tons were used as feed. Hybrid sorghum seeds were developed to be resistant to birds in order to prevent large preharvest losses. Consequently, it could not be used as a feed source for the large poultry flocks.

Oats were less than 2 percent of the total output of cereals during the 1980-84 period. After a record 676,000 tons were attained in 1978, the production of oats declined to only 339,000 tons in 1981. Output jumped by 88 percent in 1982, declined by 7 percent in 1983, and increased slightly in 1984. Output performance tended to mirror the depressed conditions that prevailed in the livestock sector because oats were primarily used as a feed source. In addition, over 70 percent of the area devoted to the cultivation of oats was used as pasture by livestock. In cold weather the oat fields were overgrazed, which in turn reduced output. In warmer weather livestock were pulled off the fields to graze on natural grasslands. An average of about 54 percent of the crop was used as a food source, and the remainder was consumed by humans; none was exported. Barley, rye, and millet declined from their high output levels in the 1970s in conjunction with depressed conditions in the livestock sector.

Between 1980 and 1984 the production of oilseeds increased from a total of 5.8 million tons to 11 million tons. A large part of the reason for the expansion of output was the increased planting of soybeans. About 60 percent of the total output of oilseeds was devoted to the cultivation of soybeans.

Sunflower seeds were the second leading oilseed crop, with a 26-percent share of total output, while flaxseed was the third. Peanuts and cottonseeds constituted the remaining 6 percent.

Despite good yields in 1980, the soybean crop was adversely affected by severe weather conditions. Output consequently declined by 2.8 percent in 1980 over 1979 levels. In 1981 production increased by almost 19 percent to 4.2 million tons in response to favorable weather conditions. In 1982 output fell by 3.5 percent. In 1983 production climbed by 65 percent as a result of record yields and generally favorable weather. Ideal weather prompted an equivalent output level in 1984. Approximately 42 percent of the soybean crop was produced in the province of Santa Fe in 1984. Córdoba Province was the second leading producer, with a 29-percent share, followed by the province of Buenos Aires, which accounted for 23 percent. Marginal producers included the provinces of Tucumán, with 3 percent, and Salta, with 1 percent.

The sunflower seed crop declined by 24 percent in 1980 as a result of adverse weather conditions and low prices. In 1981 favorable weather and a 20-percent increase in yield caused a record-setting 52-percent increase in output. Continued good weather and record yields resulted in a 16-percent increase in production to 2.3 million tons in 1982. Excellent growing conditions in 1983 gave rise to an output level equivalent to that of 1982. In 1984 a 24-percent increase in yields produced a new record of 3.3 million tons, or 50 percent above the 1983 production level. Approximately 66 percent of the sunflower seed crop was produced in the province of Buenos Aires in 1984; Córdoba Province was the next largest producer, with a 14 percent share. The provinces of Santa Fe produced 7 percent; La Pampa, 6 percent; Chaco, 4 percent; and other areas, 3 percent of the total output.

Flaxseed was grown throughout the provinces of Buenos Aires and Santa Fe and in the northeastern section of the province of La Pampa, eastern San Luis Province, and in the southern portion of Córdoba Province. Between 1920 and 1945 average output levels surpassed 1.5 million tons annually. Since then, output has ranged between 500,000 and 900,000 tons. During the 1980-84 period, the production of flaxseed ranged between 500,000 and 765,000 tons. The combined output of peanuts and cottonseeds ranged between 413,000 and 640,000 tons over the same period.

The performance of industrial crops such as cotton, tobacco, and sugarcane was mixed between 1980 and 1984. During

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that interim the production of cotton averaged about 410,000 tons annually. Output levels, however, remained below the levels achieved in the late 1970s. Tobacco production averaged about 70,000 tons annually during the period. Sugarcane averaged about 15.1 million tons but declined by more than 3 percent over the period as the world market for sugar dropped to record low levels. Fruit production dropped by almost 6 percent, and that of vegetables increased by more than 8 percent.

Livestock

The raising of livestock for domestic consumption and export has historically been a great source of wealth for Argentina. Between 1980 and 1985, however, the livestock sector was severely affected by an unsettled and highly inflated economic climate that caused profitability to plunge to its lowest level in a decade in the face of stagnant domestic and export demand.

Argentina's livestock breeds meet the highest world standards for quality. Aberdeen Angus compose almost 80 percent of the nation's cattle herd. Dairy cows were largely holstein-friesians; the remainder were Herefords, European breeds such as Charolais, the native zebu breeds, and their crossbred progeny. Sheep, pig, and poultry stocks were also bred for maximum production and yield.

From a record high of 61 million head of cattle in 1977, the total year-end cattle stock declined by 3.2 million over the succeeding four-year period as the cattle cycle entered a liquidation phase owing to an unprecedented decline in consumer purchasing power and stagnant export demand. Between 1982 and 1984 a retention cycle increased the cattle stock by 900,000 head in response to improved pastures, credit availability, and increased foreign demand for Argentine beef because of the peso devaluation in 1981 and 1982. In 1985 the cattle cycle was expected to revert to a slight liquidation cycle because of the economic recession, beef-packer indebtedness, and depressed world market prices.

Fluctuations in herd size were directly affected by market forces and vagaries in the weather. From 1980 to 1984 the type of cattle that were slaughtered for domestic consumption and export comprised an average of 36 percent cows, 9 percent calves, and a 55-percent combination of other types of cattle. In 1980 approximately 13.8 million cattle out of a total beginning stock of 58.9 million were liquidated, for an annual

slaughter rate of 23.4 percent. The combination of drought, floods, and financial difficulties caused by inflation and reduced export possibilities accounted for the high rate. In 1981 the slaughter rate increased to 24.8 percent in response to insufficient rainfall, which reduced the grazing capacity of the pastures, and excessively high interest rates, which cut the amount of credit available to producers for operating expenses.

Improved weather conditions, greater government financial support, and higher cattle prices in 1982 brought about a reduction in the slaughter rate to 21.4 percent. Although the slaughter rate fell to 19.3 percent in 1983, producers reduced their cattle stocks toward the end of the year as prices began to fall and as concern grew over the uncertainty of the incoming administration's beef and tax policies. The principal reason for the jump in the slaughter rate to 21 percent in 1984 was the contraction in earnings experienced by producers. In addition, prohibitively high interest rates kept producers from borrowing to maintain operational capacities, and they turned toward larger sales of cattle to raise funds. Lower beef prices and increased taxes on cattle were further reasons for the reduction in herd size. During the last quarter of 1984 prices for cows lagged behind those for steers, indicating that the cattle cycle was entering a liquidation phase. Consequently, a higher slaughter rate of 22 percent was forecast for 1985.

From 1980 to 1985 the production of beef for the domestic and export markets corresponded to annual oscillations in the slaughter rate. During that period the annual output of beef averaged 2.9 million tons, of which 85 percent was consumed domestically and 15 percent was exported. Domestic consumption as a proportion of total output rose in 1980, 1983, and 1984, while the proportion for export increased in 1981, 1982, and 1985.

In 1981 and 1982 exports increased largely in response to peso devaluations that made Argentine beef prices more competitive internationally. Between 1982 and 1984 exports fell by 53 percent to 248,000 tons, which was the lowest annual volume recorded in the past 30 years. The sharp contraction in exports was caused by the persistent overvaluation of the peso and the presence of subsidized beef from the EEC and other exporters in the world market that depressed international prices.

Between 1980 and 1983 the per capita consumption of beef dropped from 84 to 67 kilograms, the lowest level in a decade. Consumption declined gradually in 1980 and 1981,

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then contracted sharply in 1982 to 71 kilograms. The combination of diminished real incomes and reduced slaughter rates cut the supply of beef to the local market, causing retail beef prices to jump and consumer demand to plunge. Consumption in 1983 would have been lower, but consumer incomes improved in the last quarter of the year, and reduced export demand left a larger portion for the domestic market. In 1984 per capita consumption improved to a more normal level of 78 kilograms, largely as a result of the highly depressed international market for beef exports that again left a larger share of output for domestic consumption. Moreover, the consequent drop in real prices and an improvement in real incomes increased the demand and consumption of beef. In 1985 per capita consumption was expected to remain at about the same level as in 1984.

The dairy industry was well developed, and milk and milk products were consumed in large quantities. Between 1980 and 1985 the national cattle herd averaged 58.8 million, of which 3.2 million, or 5.5 percent of the total, were estimated to be dairy cows. Over the same period, the total production of cow's milk averaged 5.4 million tons, of which 31 percent was fluid milk for domestic consumption and 69 percent was used to produce various processed products such as cheese, butter, cream, yoghurt, and condensed and powdered milk. A substantial quantity of processed milk products was exported.

The number of dairy cows declined from 4.2 million in 1980 to an estimated 3 million in 1985 because diminished earnings forced smaller and less efficient farmers to leave the dairy business in favor of the more profitable and less risky production of oilseed crops such as soybeans and sunflowers. Concurrently, production shifted toward larger dairy farms that had a higher level of efficiency and used advanced technology to increase the output of milk per animal. Animal nutrition improved through more effective pasture management and through feed supplements of hay, silage, and grain.

The number of sheep fluctuated in response to the relative market for wool and mutton. From a total stock of 32 million head in 1980, the number of sheep declined by about 2 percent in 1981, jumped by 8 percent in 1982, fell by 1.5 percent in 1983, increased by 10 percent in 1984, and declined by 3 percent in 1985. Between 1980 and 1984 slaughter rates for sheep dropped from 6.9 million to 6.2 million head. Approximately 42 percent of the total sheep slaughtered during the period were ewes, 32 percent were lambs, and 26 percent

were a combination of other types of sheep. Sheep stocks declined as a result of weak prices that caused earnings to plunge, inclement weather in the major sheep-producing region of Patagonia that resulted in a high death rate, and a shift to the production of more profitable crops in the province of Buenos Aires. The per capita consumption of mutton averaged only three kilograms; almost the entire amount was consumed on the farm, and a minor portion was exported to foreign markets. Exports of wool fluctuated in response to domestic exchange rate adjustments. Over the period, exports averaged about 74,000 tons.

The production of poultry meat increased from 231,000 tons in 1980 to 235,000 tons in 1981 in response to the prior upturn in consumer demand. The increase in output came in anticipation of higher beef prices that in turn would have raised poultry prices. Beef prices were not raised until November, however, which resulted in an unprofitable year for producers. Although consumption declined slightly in 1981 owing to recession, it was still relatively high by historical standards because of large poultry supplies and low prices. Production declined to 218,000 and 214,000 tons, respectively, in 1982 and 1983, and consumption dropped at a more rapid pace as a result of a decrease in consumer purchasing power. In 1983 producers cut back on poultry flocks and production because of relatively cheap beef and poultry prices and increased feed costs. Consumption declined in accordance with the lower production level. In 1984 the production of poultry meat increased to 245,000 tons owing to improved real consumer incomes as a result of massive salary raises that improved the prospects for producer earnings. In addition, feed costs were lower because of the decline in grain and oilseed feed prices. In 1985 producers maintained their production level at about 240,000 tons in anticipation of an increase in prices. Output was 2 percent below 1984 levels because of the declining incomes and depressed prices for beef that restrained poultry price increases. During the 1980-85 period, about 89 percent of the average production of poultry meat comprised broilers, fryers, and other chickens that were slaughtered at less than 16 weeks; 9 percent were stewing hens and other kinds of chickens that were over 16 weeks; and 2 percent was turkey meat.

Egg production declined from about 3.4 billion pieces in 1980 to 3.1 billion in 1984 as the number of layers was reduced from 18 million to 16 million. Production declined by 4 percent in 1981 as a result of unprofitable farmer prices during

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1980 and 1981 that led to the liquidation of layer flocks. Concurrently, consumption dropped by 6 percent from almost 3.5 billion eggs in 1980. Consumption normally averaged about 90 percent of total production, or about 110 to 120 pieces per person annually. In 1982 output dropped to 3.2 billion pieces as the economic recession worsened, leading to the softening of demand. Per capita egg consumption was estimated to have fallen to 90 to 100 pieces. In anticipation of higher prices, farmers increased their egg output to 3.3 billion pieces in 1983. The 3.2-percent rise of production in that year over 1982 levels resulted in an overproduction of eggs that dampened prices and led to an unprofitable year for the egg industry. In response to poor returns during 1983, producers reduced the number of replacement layers in 1984, which in turn caused the output of eggs to decline to 3.1 billion pieces. Government-imposed price controls that became effective in December 1983 kept producers from expanding output. Output for 1985 was forecast to increase slightly to 3.2 billion pieces based on expectations that the reduced production levels in 1984 would lead to an improvement in prices during 1985.

Fishing

The offshore waters of the coastline offered rich fishing grounds that remained relatively unexploited by domestic fishermen during the mid-1980s. In 1983 and 1984 fishing activity fell off after having recovered in 1982 from a crisis that had negatively affected the industry in 1980 and 1981. The total fish catch reached 459,648 tons in 1982, which represented an 18-percent increase over 1980 and a 31-percent increase over 1981. In 1983 the catch declined by 14 percent over the 1982 level. This trend continued during 1984, as the catch was estimated to have declined by 30 percent over 1983. Owing to the national preference for beef, only about 25 percent of the total annual catch was consumed by the domestic market, and the remainder was exported.

The Atlantic Ocean off the Argentine coast contained 300 species of fish, but very little was known about their geographic distribution, migratory habits, or population density. The main species included hake, squid, shrimp, striped weakfish, white croaker, anchovy, cusk-eel, red mullet, smooth hound, flatfish, sea bass, and Atlantic bonito. The most important commercial species in the catch over the 1980-84 period included

hake, 62 percent; squid, 7 percent; and shrimp, 5 percent. In 1983 the species that experienced increased catches included shrimp, by 147 percent, and cusk-eel and anchovy, by 5 percent each. Among those that recorded lower catches were sea bass, striped weakfish, and squid.

Between 1980 and 1984, foreign trade in fishery products demonstrated wide annual oscillations in both volume and value terms. From a volume of 161,300 tons in 1980, exports declined by 11 percent in 1981, jumped by 61 percent in 1982, and declined by 14.5 percent in 1983. The value of exports, in comparison, fell by 6 percent in 1981 from the US\$143 million recorded in 1980. Their value rose by 37 percent in 1982, then declined by 4 percent in 1983. Exports in 1984 were expected to plummet in response to a deep reduction in the annual catch.

The overall fall in fish exports over the period was primarily attributable to combination of internal and external factors. In 1980 the fishing industry was brought to the brink of bankruptcy as a result of an overvalued peso that made fish exports uncompetitive in world markets. In addition, fishing activity contracted in response to a depression in the international market for fish that caused a sluggishness in demand, declining prices, and severely squeezed profits. At the same time, operating costs in the industry mushroomed above world standards in fuel, labor, cold storage, unloading, port rates, and international freight rates.

In 1981 the government declared the fishing industry to be in the "national interest." Consequently, credit lines were extended to refinance accumulated debts, and loans were provided to stimulate production for export. Concurrently, a series of devaluations of the peso relative to the United States dollar increased the price competitiveness of Argentine fish exports. Thus a resurgence of demand by traditional importers provided the necessary working capital to resume activities and saved the industry from inevitable collapse.

The recovery of the fishing industry in 1982 was punctuated by the South Atlantic War in April, the imposition of an embargo on Argentine fish imports by the EEC in support of the British position during the war and, ironically, the indiscriminate fishing by foreign trawlers that operated on the edge of Argentina's 200-nautical-mile territorial waters and inside the British 200-nautical-mile Falkland/Malvinas Islands exclusion zone that was open to foreign fishing fleets but banned to Argentina. Fishing in those waters was conducted by trawlers

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from Spain, Japan, the Soviet Union, Poland, the German Democratic Republic (East Germany), and Peru. Argentina claimed that the extensive magnitude of foreign fishing reduced the hake catch by 50 percent in 1982, diminished the squid catch, and limited its fish exports to those countries. To offset the decline in hake, the Argentine government authorized national fishing fleets to increase their catch in the Golfo San Jorge area, where significant quantities of shrimp were located. The higher world market price for shrimp largely compensated the fishing industry for lost earnings from hake. In addition, the EEC lifted the embargo on Argentina in June, and trade resumed. In 1983 and 1984 the fishing industry continued to be burdened by declining profitability stemming from lower annual catches, declining exports, and the financial exigency of repaying approximately US\$200 million in loans borrowed during 1980 and 1981.

In 1983 approximately 75 percent of the volume and 83 percent of the value of fishery product exports were destined for Spain, Japan, the United States, France, Italy, and Brazil. The remainder was accounted for by the markets of West Germany, Iran, Iraq, Yugoslavia, Malta, Costa Rica, Trinidad and Tobago, Canada, Gabon, South Africa, Angola, Egypt, Ivory Coast, and Togo. About 94 percent of both the volume and the value of fish exports were produced by the sale of frozen fish. Other fish products sold in the international market included cured fish, fish meal, canned fish, and seaweed.

The predominance of Peru in the production and export of fish meal, as well as relatively high production costs, made it uneconomical for Argentina to compete effectively in world markets. The main importers of Argentine fish meal were Japan and Taiwan. Fresh fish were exported under the terms of the "Plan Barrido," which authorized Argentine trawlers to unload their catches in neighboring countries. To date, however, this arrangement had been implemented only with Brazil. The vessels that participated in the arrangement were required to unload 50 percent of their total annual catch in domestic ports. Individual vessels were restricted from making two consecutive landings in a foreign port. Since the plan became operational in 1981, however, these kinds of exports have declined owing to the growth of other markets for whole fish and the imposition of a 20-percent export tax on fish to discourage the export of unprocessed fish products. Rather than import a greater proportion of processed fish from Argentina, Brazil turned to Uruguay as a new supplier of fresh fish.

Canned products accounted for only a small proportion of total exports because of the high cost of tins and production and defective packaging. Exports of dry-salted fish were minor, but their potential for the future was promising. Moreover, abundant resources of krill in the South Atlantic offered considerable potential, but by the mid-1980s Argentina had not yet begun to pursue this option.

Between 1980 and 1983 the fishing fleet increased from 489 to 509 vessels. During the period, coastal boats increased from 243 to 250, semi-deep-sea trawlers declined from 87 to 82, deep-sea trawlers increased from 125 to 140, freezer ships increased from 19 to 20, and factory ships increased from 15 to 17. In addition, there were thought to have been nine oceanographic research vessels in 1983.

Fishing vessels were assigned to the ports at which government authorization had been granted. In 1983 the deep-sea fleet landed 65 percent of the total catch; factory and freezer ships, 17 percent; and coastal boats, 18 percent. Although seven coastal boats had been added to the fishing fleet between 1980 and 1983, their total catch declined by 17 percent over the period. The annual catch of the deep-sea trawlers also declined by 8 percent despite the addition of 15 vessels. In 1983 Mar del Plata, the main fishing port, received about 97 percent of all the catches conducted by deep-sea trawlers and 79 percent of the coastal boat catches. Almost all of the annual catches of the factory and freezer ships were landed at the ports of Bahía Blanca, Puerto Madryn, Quequén, and Puerto Deseado. Overall, Bahía Blanca and Puerto Deseado were the second and third leading ports. In the mid-1980s the government promoted the regional development of the fishing industry by encouraging the placement of processing and cold-storage plants in such southern ports as Puerto Madryn, Puerto Deseado, and Ushuaia.

Financial System

Argentina's financial system was exposed to numerous changes during the 1976-85 period. The uneven performance of the economy and the frequent change of governments gave rise to various conceptual shifts in financial policy. In pursuit of its free market philosophy, the government launched a significant reform that modified the operation and direction of the financial system in 1977. Financial markets were liberal-

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ized in order to mobilize the flow and allocation of capital, reduce market imperfections, and foster overall efficiency through an increased exposure to domestic and foreign competition. Accordingly, interest rates were freed, restrictions on international capital movements were eliminated, capital requirements were reduced, and most of the quantitative limits on Central Bank operations were dismantled. At the same time, financial institutions were given complete freedom to expand geographically and open new branches.

Because the 1977 liberalization of the financial system was more concerned with deregulation than with regulation, the high degree of interlocking ownership of industrial firms and financial institutions, coupled with the easy access to cheap credit, led to the overexpansion and concentration of the financial system. The total number of financial institutions increased from 692 main offices in 1976 to a peak of 723 in 1977, declined to 721 in 1978, and dropped to 496 in 1979. The total number of branches, however, grew from 3,171 in 1976 to 4,106 in 1979. Of the total number of financial institutions, the number of banks increased from 111 to 157 over the interim, while the number of nonbanking financial institutions declined from 573 to 278.

Commercial banks were the heart of the financial system. They accounted for more than 90 percent of the capital and assets of the Argentine financial system in the mid-1980s and were authorized to engage in all banking activities in which other financial institutions specialized. They were empowered to accept time and demand deposits, issue debt instruments, grant almost all kinds of loans, manage security portfolios, and engage in leasing and underwriting activities. Commercial banks were either private or state-run and either domestic- or foreign-owned; domestic banks were defined as those that were at least 70-percent owned by local investors. The total number of commercial bank headquarters increased from 111 in 1976 to 211 in 1979, while the number of branches jumped from 2,906 to 3,720. The federal government-owned Bank of the Argentine Nation was founded in 1891; by 1979, the number of its branches had increased to 573. Concurrently, there were 24 provincial-owned banks, whose branches increased to 1,056 by 1979. The number of banks owned by the municipalities increased to five in that year, whereas the branches edged up to 59. Private domestic banks jumped from 64 main offices in 1976 to 161 in 1979, and the number of branches rose from 1,100 to 1,814, largely as a result of the conversion of non-

banks into banks and through their attraction of business from official and foreign commercial banks. More than 65 percent of the number of private domestic banks and over 75 percent of the total banking system's capital were located in the city of Buenos Aires. The Bank of the Argentine Nation's capital base was equivalent to about one-quarter of the total of the entire banking system in Buenos Aires. The Bank of the Province of Buenos Aires and the Bank of the City of Buenos Aires were smaller than the Bank of the Argentine Nation in terms of equity capital, but each of these state-run banks was much larger than any other single privately owned commercial bank in the country. The number of foreign banks increased from 18 in 1976 to 20 in 1979, whereas the number of branches declined from 226 to 218.

The government-owned National Development Bank, created in 1971, was primarily engaged in financing long-term industrial development projects through its 33 branches, which were scattered throughout the country. The National Mortgage Bank and its 52 branches, the mortgage divisions of the commercial banks, and the home savings and loan associations constituted the mortgage banking system. These investment banks were prohibited from offering demand deposits to the public, but they were empowered to accept time deposits, provide loans, and issue shares on the loans.

The Central Bank of the Argentine Republic was formed in 1935 as a mixed operation owned jointly by the government and domestic and foreign private banks. In 1946 it became a wholly owned government bank. The Central Bank discharged the normal functions of a central bank, which included regulating the activities of banks and other financial institutions; controlling the issue and circulation of money; maintaining the exchange rates; setting interest rates and reserve requirements of the commercial banks; holding the nation's gold and foreign exchange reserves; and acting as the fiscal agent of the government.

Finance companies, savings and loan associations, credit cooperatives, and consumer credit associations were the four kinds of nonbanking financial institutions. The number of finance companies increased from 80 main offices in 1976 to 142 in 1979, while the number of their branches jumped from 40 to 205. The number of credit cooperatives declined from 424 to 104 over the period. Savings and loan associations and consumer credit associations also declined over the period.

By 1979 these nonbanks held 12 percent of the country's

bank deposits and provided almost 15 percent of all loans. Private domestic commercial banks held 45 percent of the deposits; state-run banks, 34 percent; private foreign banks, 9 percent; finance companies, 9 percent; savings and loan associations, 2 percent; and credit cooperatives and consumer credit associations, about 1 percent. About the same proportion of loans were provided by the respective institutions.

Inconsistent macroeconomic policies, the lack of effective supervision, easy access to both domestic and foreign credit, negative real interest rates on deposits, the drop of aggregate demand, and public uncertainty as to the solvency of the banking system prevented financial institutions from mobilizing sufficient domestic savings and led to the eventual overextension of the banking system after 1980. Between 1976 and 1981 demand deposits in the commercial banking system dropped from 41 to 12 percent, and savings deposits declined from 19.5 percent to 9 percent. Time deposits, however, increased from 39.5 percent in 1976 to 78.5 percent in 1981. By 1981 financial savings were primarily in the form of short-term time deposits with a maturity of 30 days or less. In order to compensate for the lack of domestic medium- and long-term funds, the private sector increasingly resorted to foreign loans that carried a lower cost as a result of the overvalued peso. By 1980-81 private sector firms had become highly indebted in terms of both the peso and the United States dollar.

Excessive borrowing during the economic expansion in 1979 led to private sector distress borrowing during 1980 and 1981 as the economic recession took root. The cash flow problems of the private sector were reflected in the liquidity difficulties of the financial system, which endangered their solvency. By the end of 1981 potential loan defaults of the private sector totaled over 100 percent of the net worth of the official banks, finance companies, and credit cooperatives and more than 60 percent of that of the private domestic banks. Between the first quarters of 1980 and 1981 the financial system was gripped by a major crisis. Over 60 financial institutions that held approximately 20 percent of total deposits had to be intervened and liquidated by the Central Bank.

In June 1981, shortly after the three devaluations of the peso, the Central Bank introduced a system under which private sector firms could obtain exchange-rate guarantees for loans contracted during a period of 540 days. By the time the system was terminated in December, about US\$5 billion in exchange-rate guarantees had been extended. At the end of

the year, the private sector's external indebtedness amounted to almost US\$16 billion. In December 1981, in response to the need to shore up the near depletion of the country's foreign exchange reserves, the Central Bank swapped a US\$500 million debt consolidation bond with the private sector.

The administration that took over in June 1982 inherited an economy in the throes of a severe financial and foreign exchange crisis, rising inflation precipitated by the growing public sector deficit, and a continued contraction of economic activity during the third year of an economic recession. To address the serious economic crisis, the authorities introduced a financial reform in June that refinanced the peso indebtedness of the private sector on a long-term basis at reduced interest rates, promoted medium- and long-term savings, and attempted to improve the overall efficiency of the banking system. At the same time, the government increased the legal reserve requirement on deposits from 15.5 to 100 percent in order to improve Central Bank control over the money supply and to finance the private sector debt.

In July, after another major devaluation of the peso and the introduction of a dual exchange rate system, the government introduced another exchange-rate guarantee program to induce financial institutions to reschedule private sector debt. Loans that had been provided under the 1981 guarantee system were allowed to be rolled over under the new system. By the time this program was ended in October 1982, over US\$10 billion, or about 65 percent of total private sector debt, was included under exchange rate guarantees. In addition, between April 1982 and August 1983, and again after May 1984, the government issued United States dollar-denominated bonds in lieu of foreign exchange.

The economic authorities who introduced the June 1982 financial reform were replaced by a new economic team in August. The basic outlines of the reform were maintained in order to avoid an additional disruption of the financial system. Nevertheless, negative real interest rates on deposits and lending rates caused a rapid and dramatic financial disintermediation. As interest rates continued to stay below actual or expected inflation, the public's preference for financial assets was greatly diminished because their rate of return became negative. The public turned from peso-denominated financial assets to such assets as foreign currency and physical assets, which in turn seriously restricted the amount of domestic credit available for private sector use. Credit to the private sector

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consequently declined by about 24 percent as public sector credit needs increased by about 34 percent in 1983 over 1982 levels. The increase in the demand for funds caused by tighter credit conditions and negative real interest rates gave rise to a parallel financial market that primarily handled interfirm transactions. The interfirm money market provided seven-day loans against either the collateral of short-term United States dollar-denominated government bonds or checks that were drawn on private sector borrowers. Although the size of the market could not be measured accurately, estimates ranged from about 25 to 40 percent of all financial operations conducted by financial institutions. The flow of funds into the interfirm market continued in 1984 and 1985 as real interest rates remained negative. To induce financial operations back into the regulated banking system, the authorities introduced bankers' acceptances that were not guaranteed by the Central Bank and increasingly emphasized open market operations by authorizing the public to buy and sell treasury bills.

Between 1980 and 1983 the total number of financial institution headquarters declined from about 468 to fewer than 400, while the number of branches increased from 4,120 to about 4,645. Of the total, the number of banks declined from 214 to about 210. Nonbanking financial institutions dropped from 254 to about 185. Smaller financial institutions were adversely affected by the 1982 financial reform. Most suffered a serious loss of deposits and were forced to make loans at unprofitable regulated rates. The Central Bank was increasingly forced to sell a number of the intervened institutions to more solvent banks. Thus banking operations expanded largely by opening branches through the acquisition of insolvent financial institutions.

The new authorities that took over in December 1983 maintained the system of regulated and indexed interest rates on medium- and long-term loans and deposits. To shore up the small financial institutions and those in less developed regions of the country that risked being insolvent, the government established less rigid lending limits and lowered their reserve requirements. At the same time, the government lowered the legal reserve requirement to 86 percent.

Unrelenting high inflation, price controls, negative interest rates, diminished investment levels, growing public sector deficits, and uncertainty over economic policy continued to constrain economic recovery and increasingly squeezed the liquidity of the country's financial institutions in 1985. In April

1985 the government launched a new offensive against the inefficient but deeply entrenched financial interests in the country. The measures that were introduced as part of the plan that was entitled Reorganization of the Institutionalized Financial System reduced legal reserve requirements on term and savings deposits, increased the reserve requirements on demand deposits, froze financial institutions' deposits that were maintained in the Central Bank, eliminated the subsidies that the Central Bank paid to banks for the portion of their legal reserves on interest-bearing deposits, and clamped down on black market exchange operations. In March 1985 the legal reserve requirement was lowered to between 4.5 and 14 percent on time and savings deposits, depending on the kind of financial institution, and raised on-demand deposits to percentages that ranged from 96.5 to 97.5. To lessen the effect of the expansion of the money supply that resulted from the reduction of legal reserve requirements, the Central Bank required all financial institutions to establish a financial reserve from their increased term and savings deposits that could be used to control the money supply if the need should arise.

Before the reforms had made an impact, the nation's third largest private commercial bank, the Bank of Italy and the River Plate, collapsed. Financial authorities were forced to introduce additional measures to ease the growing liquidity contraction. The Central Bank froze all foreign currency deposits for 120 days, effective May 5, 1985, to halt the run on United States dollar deposits. The government also reduced the legal reserve requirement to a lower level, provided additional rediscount facilities to financially strapped banks, and reduced the interest rates on treasury bills to enable banks to absorb additional funds.

The liquidation of the bank and the ensuing measures were aimed at restoring public confidence in the domestic banking system and preventing a chain reaction from spreading to other beleaguered financial institutions. Banking sources estimated that savers may have withdrawn the equivalent of US\$300 million in deposits before the situation was contained. The continuation of financial disintermediation and capital flight added to the more than US\$20 billion that Argentines held in foreign bank accounts in 1985.

The June 1985 economic reforms and the agreement with the IMF were part of a package aimed at containing hyperinflationary tendencies. They were thus aimed at enabling borrow-

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ers to calculate more effectively future requirements for financial resources and profitability.

Public Sector Finance

The fiscal performance of the government was summarized in the consolidated budget of the nonfinancial public sector, comprising the budgets of the central government, the nonfinancial state enterprises and binational organizations, and the provincial and municipal governments. The central government budget, in turn, consisted of the central administration, special accounts, decentralized agencies, and the civilian social security system. The nonfinancial state enterprises and binational organizations included the 17 companies that were engaged primarily in the production of minerals, petroleum, natural gas, refined fuels, and the provision of public utility services. It also included over 40 plants that produced goods under the jurisdiction of the Ministry of Defense. The binational organizations consisted primarily of the hydroelectric projects that were jointly funded and operated with the governments of Brazil and Paraguay. Provinces and municipalities were constitutionally autonomous from the central government and produced their own budgets, although they were heavily dependent on the central government for transfers, loan guarantees, and authorizations to borrow from the treasury, the Central Bank, and the special accounts.

Available statistics indicated that government expenditures grew from the equivalent of about 30 percent of GDP in the 1960s and early 1970s to over 40 percent in the second half of the 1970s. Between 1980 and 1984 public expenditures as a proportion of GDP jumped to almost 50 percent. Public revenues were equivalent to 28 percent of GDP in the 1960s, averaged 27 percent during the first half of the 1970s, increased to 33 percent during 1976-79, and rose to 34 percent during the 1980-84 period. The consolidated budget deficits declined from an average of 5 percent of GDP in the early 1960s to less than 2 percent by the end of the decade. During the first part of the 1970s the deficit climbed to more than 9 percent of GDP. From 1976 to 1979 it dropped to 7.6 percent, then almost doubled to over 13 percent during 1980-84. In 1983 the deficit was equivalent to more than 15 percent of GDP.

State enterprises, provincial and municipal governments,

and the decentralized agencies have historically been the primary sources of chronic budget deficits. In the early 1970s the central administration became another major contributor to the consolidated budget deficit. Between 1980 and 1983 the central government accounted for the highest deficit, which averaged approximately 5.3 percent of GDP. State enterprises and binational organizations recorded an average deficit of 4.7 percent, and the provincial and municipal governments registered a deficit that was equivalent to 3.3 percent of GDP. The central administration accounted for the largest deficit—about 4 percent of GDP—among the central government budgets, while the decentralized agencies recorded a deficit of about 2.6 percent. The special accounts were the exception, having recorded a surplus of about 1 percent. The civilian social security budget, in turn, was in balance.

The central administration, with the accounts of the legislative and judicial branches, as well as a major portion of those falling within the executive, formed the core of the central government budget. Its accounts, including transfers to other organizations, were handled by the national treasury. During the 1980-83 period, the central administration collected an average of 34 percent of the total revenue of the central government and spent about 44 percent of total expenditures.

The special accounts budget consisted of more than 100 accounts that were created by special laws or decrees and were placed under the jurisdiction of individual ministries. Most of the funds earmarked to these accounts were used for energy and transportation projects. The taxes on fuel, electricity, and transportation largely determined the level of funds that were allocated to the energy and transport infrastructure account. Other important accounts included the Regional Development Fund, by which funds were allocated on a revenue-sharing basis between the provinces and the central government, and the National Housing Fund. The revenues of the special accounts made up about 20 percent of the total of the central government, and its expenditures were about 9.5 percent of the total.

The budget of the decentralized agencies, like the special accounts budget, primarily relied on transfers of revenue from the national treasury. The decentralized agencies were semi-autonomous but were assigned and accountable to a particular ministry. They included various boards, commissions, institutes, centers, and enterprises that were granted regulatory powers over numerous government operations. The most im-

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portant decentralized agencies included the National Atomic Energy Commission, the national grain and meat boards, the retirement and pension funds, the General Directorate of Military Manufactures, the National Highway Administration, and 26 national universities. The decentralized agencies accounted for approximately 11 percent of total central government revenues and about 20 percent of total expenditures.

The budget of the civilian social security system accounted for about 11 percent of overall government revenues and an equivalent proportion of expenditures. Prior to October 1980, the civilian social security system relied on joint contributions from employers and employees that were based on a 30.5- and 15-percent share of gross wages, respectively. Since that time, the VAT replaced employee contributions, and the employer's share was reinstated in October 1984 at a lower rate.

On average, about two-thirds of total public revenues were provided by taxes. Taxes accounted for more than 80 percent of the total revenues of the central government. Between 1980 and 1982 the total revenues of the central government dropped from 18 percent to about 15.3 percent of GDP. In 1983 revenues edged up to 16.3 percent of GDP and were estimated to have increased to almost 19 percent in 1984. Tax revenues declined during the 1980-82 period in response to the reduction of economic activity, high rates of inflation, modifications of the tax laws, widespread tax evasion, lax tax enforcement measures, and an inefficient tax collection system. At the same time, numerous and generous exemptions on import tariffs, as well as personal income, net wealth, stamp, and VAT, contributed to a deterioration of the taxable revenue base. The expectation of a postelection tax amnesty, which was implemented by the outgoing government with the approval of the incoming administration of Raúl Alfonsín in December 1983, was an important factor in the reduced inflow of taxes in 1982 and 1983. Under the tax amnesty, delinquent tax liabilities were paid over a period of 18 months, and up to 40 percent of the ensuing tax payments were forgiven. Delinquent tax obligations were totally or partially forgiven on 10 occasions between 1969 and 1985.

Between 1980 and 1984 the main sources of tax revenues were derived from contributions to the social security system; excise taxes on fuels, tobacco, and alcoholic beverages; and export taxes on agricultural commodities. In 1983 these accounted for almost one-half of total public sector tax revenues. Taxes on agricultural exports constituted a disproportionate

burden on farmers, but the government's need for additional revenues outweighed their negative effects on production. Moreover, export taxes were relatively easy to collect, and evasion was difficult (see *Public Agricultural Policies*, this ch.). Total export taxes increased from about 0.7 percent of GDP in 1982 to 1.3 percent in 1983. Taxes on fuels emerged as major revenue sources during the 1980-84 period, and by 1984 they had become the single most important form of taxation. Taxes on gasoline were used to deflect the burden of taxation away from the less advantaged and toward more wealthy car owners. Diesel fuel was taxed at a lesser rate in order to maintain lower public transportation fares. Although income taxes had been in effect since 1932, their overall importance declined during the first half of the 1980s. Taxes on personal income accounted for about 5 percent of total tax revenues during this period.

The growth of central government expenditures significantly outpaced revenues from 1980 to 1983. The major reason for the widening overall budget deficit was an increase in total interest payments on domestic and foreign debt. During the 1980-82 period, expenditures on interest payments increased from less than 4 percent to 12 percent of GDP. The rapid growth of external borrowing until 1982, high international interest rates, and the series of large devaluations that occurred in 1981 gave rise to an expansion of foreign interest payments from less than 1 percent in 1980 to almost 7 percent of GDP in 1982. Expenditures on domestic interest payments climbed from 2.7 percent of GDP in 1980 to 5.6 percent in 1982 owing to the expansion of domestic indebtedness and inflation, which resulted in additional interest charges. In 1983 and 1984 domestic interest payments dropped to less than 1 percent of GDP in response to the Central Bank's incorporation of all domestic public debt that had been owed by the nonfinancial public sector (see *Financial System*, this ch.).

The single largest component of current expenditures was wage and salary payments. In 1980 and 1981 wages declined from 13.4 to 12.8 percent of GDP, respectively. In 1982 they declined to less than 10 percent as employment in the state enterprises declined; in 1983 and 1984 government wages as a proportion of GDP increased from 12.5 to 14.3 percent as the government kept its campaign pledge to raise wages.

Between 1983 and 1984 central government expenditures for culture and education were expected to increase from 1.9 percent of GDP in 1983 to 2.3 percent in 1984. Spending on health was slated to rise from 0.5 percent of GDP in 1983 to

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0.7 percent in 1984. During the same period, social welfare expenditures increased from 2.6 percent to an estimated 4.2 percent. Spending on economic development was programmed to drop from 12.9 percent to about 9 percent of GDP. National security expenditures declined slightly in 1984 from the 1983 level of 0.8 percent. Defense spending—a separate budget item—as a proportion of GDP diminished slightly from 2.9 to 2.7 percent between 1983 and 1984.

The magnitude of actual defense spending over the 1976-83 period was difficult to quantify owing to the classification of defense-related expenditures under other central government budget accounts or their going unreported altogether. If all defense-related expenditures were included, real defense spending may have been 50 percent higher than the figures in the budget.

The large number and extensive operations of the state enterprises almost defied the ability of the central and provincial governments to oversee effectively their operation. The national government owned 17 nonfinancial enterprises; about 40 plants and mixed-equity enterprises under the General Directorate of Military Manufactures whose interests ranged from weapon production to timber, petrochemical, strategic mineral, and construction activities; and almost 100 smaller enterprises that included radio and television, hotels, and several airlines. In addition, provincial and municipal governments owned about 90 enterprises and jointly owned almost 30 other enterprises with the national government. By mid-1985 the government had been unsuccessful in efforts to sell some of the enterprises to the private sector (see *Military Industry and Exports*, ch. 5).

State enterprise budget deficits widened during the 1980-83 period. This was largely the result of policies that prevented prices charged for goods and services from being increased in line with the rise of operating expenses. Moreover, enterprise sales slumped because of the severe economic recession. Consequently, the budget deficit of the state enterprises rose to about 6 percent of GDP in 1982, which was the highest deficit since the early 1960s.

Net transfers from the central government to the state enterprises accounted for less than 2 percent of GDP between 1980 and 1982. In 1983 they increased to more than 6 percent of GDP. Following the transfers, the deficits of the state enterprises climbed from about 3 percent in 1980 to over 5 percent in 1983. An equal amount of their total debt was financed by

domestic and foreign financing in 1980. In 1983 state enterprise indebtedness to domestic and external lenders was assumed by the Central Bank.

Capital expenditures of the state enterprises that comprised spending on machinery and equipment, construction, and financial investments accounted for almost 40 percent of the total investment level of the nonfinancial public sector. The largest proportion of gross fixed investments were allocated to the petroleum and electricity sectors. The national petroleum company, YPF, which was one of the world's few large petroleum companies to persistently run a deficit, received about 34 percent of the total investment funds of the state enterprises. Another 40 percent of the investment funds were allocated to national and binational enterprises engaged in hydroelectric projects between Argentina and neighboring countries.

During 1984 increased government spending outpaced revenues. Consequently, the budget deficit of the nonfinancial public sector was estimated to have reached 13 percent in 1984. The government attempted to reduce the deficit by raising revenues and limiting expenditures. These measures were not successful, however, and the government was forced to print money to meet an estimated 25 percent of its budgetary requirements. Spending overruns continued into the second quarter of 1985. In June 1985 the government reached an agreement with the IMF and as part of the overall package agreed to reduce the budget deficit to about 5 percent of GDP by the first quarter of 1986. To accomplish this task the government sought to cut overall government spending by 12 percent during the interim.

Foreign Debt

Between 1976 and 1984 Argentina's total foreign debt increased by more than US\$38 billion, from US\$9.7 billion to some US\$48 billion. As part of the liberalization of the economy during the 1976-81 period, domestic barriers to international capital movements were largely eliminated. Both the public and the private sectors were encouraged to borrow heavily in international financial markets by a combination of factors that made foreign currency-denominated loans extremely attractive. From 1979 to 1981 the deficit of the nonfinancial public sector grew from 7.3 percent of GDP to 14

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percent of GDP, largely as a result of increased spending on defense, wages, and interest on the public debt. At the same time, massive capital inflows and the favorable current account situation of the balance of payments in 1978-79 ended during the severe economic recession that Argentina experienced in 1981 and 1982. In addition, the outbreak of the South Atlantic War in April 1982 coincided with the curtailment of foreign lending to the country and a resumption of capital flight. During 1982 and 1983 no systematic progress was achieved in reducing the fiscal deficit, the country's access to foreign credit was seriously circumscribed, and the foreign debt continued to climb.

Between 1978 and 1982 the total foreign debt of the public sector increased from US\$8.3 billion to US\$28.3 billion, while private sector debt climbed from US\$4.1 billion to US\$14.9 billion. About one-half of the approximately US\$43 billion foreign debt outstanding in 1982 was scheduled to be repaid in 1983. Debt service payments were unsustainable because they were not counterbalanced by balance of payments inflows. In 1982 Argentina accumulated about US\$2.5 billion in external payments arrears, of which the public sector accounted for 79 percent. Argentina's net international reserves declined from approximately US\$6.6 billion in 1980 to minus US\$3.5 billion in 1982. At the end of 1982, overall reserve liabilities, including payments arrears, currency swaps, and United States dollar-denominated government bonds, rose to US\$6 billion, and only a small portion of the US\$2.5 billion of foreign exchange reserves was available to service the debt.

To prevent a situation of external insolvency, the government was forced to open negotiations with the IMF for a stand-by financing arrangement in October 1982. Under the terms of the agreement, Argentina was scheduled to receive an IMF credit that amounted to about US\$1.6 billion, which was to be disbursed in five equal quarterly tranches through March 1984. Argentina also arranged a drawing of almost US\$560 million from the IMF's compensatory financing facility to meet interest payment arrears. At about the same time, the country's foreign bank creditors agreed to provide a bridge loan of US\$1.1 billion, scheduled to be disbursed during the early part of 1983, and a medium-term loan of US\$1.5 billion. Argentina, in turn, agreed to bring all the interest payments arrears up to date as a precondition for drawing on the US\$1.5 billion loan.

After having successfully met the economic performance targets of the IMF in March 1983 and the receipt of two

tranches, the agreement collapsed owing to Argentina's inability to continue meeting its macroeconomic targets. In particular, the government failed to stem the public sector deficit or to eliminate the payments arrears on its foreign debt. As a result, private foreign banks were unwilling to release the remaining US\$1 billion of their US\$1.5 billion loan until a new agreement was reached with the IMF over economic policy. By the end of 1983 the foreign debt stood at US\$45 billion, and the government recorded payments arrears of approximately US\$3.2 billion.

On March 31, 1984, the accounting deadline for United States creditor banks, an interim financial aid package was introduced that enabled Argentina to meet its immediate commitments and obtain a brief respite. The agreement was arranged by the United States, Mexico, Columbia, Brazil, and Venezuela, as well as a number of commercial banks. The central banks of the Latin American countries provided US\$300 million, and the commercial banks released US\$100 million of the US\$1.5 billion loan that had been arranged in 1982. The United States disbursed a bridge loan of US\$300 million but made it conditional on the signing of another agreement with the IMF.

In June 1984, hours before United States banks would have declared Argentina's loans as nonperforming, a new agreement was reached on the payment of overdue interest. Argentina used US\$225 million of its international reserves, and 11 of the major creditor banks advanced US\$125 million for a period of 45 days. The four Latin American countries that had extended the short-term loan in March agreed to postpone its repayment until July. After extended discussions with the new Alfonsín administration, a preliminary agreement was reached with the IMF on September 25, 1984. The agreement provided for a 15-month standby loan of US\$1.4 billion. In December 1984 Argentina and the IMF signed an agreement of understanding on a new financial aid package. The agreement, however, was subject to the approval of the more than 300 participating foreign banks that offered an additional US\$4.2 billion. The US\$13.4 billion that had been due between 1982 and 1985 was then rescheduled.

The aid package unraveled during the first quarter of 1985 because Argentina was unable to meet the terms of the economic targets made with the IMF. By June, however, the government had concluded a new agreement with the IMF that was based on strong assurances that the country would

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comply with its economic targets. Several days after the new agreement was announced, Argentina introduced several austerity measures designed to halt the deterioration of the economy (see *Growth and Structure of the Economy*, this ch.). The IMF and Argentina's 320 commercial bank creditors then agreed to release the loans that had been arranged in December 1984. Argentina used the funds to clear up all payment arrears and to service its foreign debt, which was estimated at US\$48 billion in 1985.

Trade

Wide fluctuations in the effective exchange rate of Argentina's currency over the 1976-84 period were mirrored in the overall trade balance, which shifted from a surplus of US\$883 million in 1976 to a deficit of US\$2.5 billion in 1980 and returned to a surplus of US\$3.5 billion in 1984. Fluctuating import levels were responsible for the wide swings in the trade balance. Between 1976 and 1980 the value of exports increased at an annual rate of 15.4 percent, while the import value rose by an average of 28.3 percent yearly. In 1979 and 1980 imports increased by 75 and 57 percent, respectively, in response to the lowering of import tariffs and the overvalued exchange rate. Protective barriers were reduced as part of the government's policy to open the economy to foreign competition in order to stimulate productivity and restrain inflation. Argentina's trade surpluses in 1981 and 1982 were attained as a result of sharp contractions in imports during the economic recession. After the first quarter of 1982, numerous import restrictions and difficulties in obtaining import financing reduced the level of imports further. The value of exports increased by 14 percent in 1981, despite weak prices for a number of export items. In 1982 exports fell by almost 20 percent; they improved only marginally in 1983 owing to the steady decline of export prices. In 1984 a trade surplus was achieved largely through a modest expansion of exports.

During the 1976-84 period, agricultural products accounted for an average of 75.5 percent of the country's total export receipts (see Table 6, Appendix). The share of agricultural exports increased, however, from 73.5 percent in 1980 to almost 80 percent in 1984. Agricultural exports dropped significantly in 1982 as a result of adverse weather and the disruption of trade flows during and after the South Atlantic War.

In 1983 and 1984 bumper cereal and oilseed crops caused the volume of agricultural exports to reach record levels. These gains were offset, however, by large declines in industrial exports.

Between 1980 and 1984 the proportion of cereals in total agricultural export value increased from 30 to 36 percent. The category of meat, hides, and animal products declined from 23 to 11 percent; oilseed oils and meals increased from 13 to 25 percent; and oilseeds increased from 11 to 15 percent. The total value of cereals, oilseeds, and their by-products climbed from 54 to 76 percent of agricultural exports and from 40 to 60 percent of total export receipts. Other important exports included sugar, which declined from 5 percent to less than 2 percent of total agricultural exports; fruits and fruit products, from 4 to almost 2 percent; wool, from almost 4 percent to 2.5 percent; and cotton, from 2 to 1 percent.

In 1983 cereals accounted for 71 percent of the total volume of agricultural exports; cereal by-products, 3 percent; oilseeds, 5 percent; and oilseed oils and meals, 14 percent. Beef made up 0.08 percent of the total export volume; sugar, 2.8 percent; and fruit and fruit products, 1.4 percent. Of the total of 454,000 tons of fruit and fruit products, fresh apples accounted for 47 percent; other fresh, dry, and canned fruits, 40 percent; fruit juices and pastes, 12 percent; and lemon oil, less than 1 percent.

Argentina's overall share of world agricultural exports declined from 3.1 percent during the 1961-65 period to 2.9 percent during 1966-70, then dropped to 2.4 percent during 1971-75, increased to 2.6 percent during 1976-79, and fell to 2.5 percent during the 1980-82 period. Beef exports declined from 58 percent of the world total during 1924-33 to 29 percent during 1961-65, then dropped to 9 percent during the first half of the 1970s, increased to 10 percent during 1976-79, and fell to 7 percent in the 1980-82 period. Wheat steadily declined from a high of 23 percent during 1934-38 to 3 percent during the first half of the 1970s, then rose to 5 percent during 1976-79 and fell to 4 percent during 1980-82. The share of corn dropped from 65 percent of the world total between 1924 and 1938 to 8 percent between 1976 and 1982. Sorghum increased from 9 percent in the second half of the 1950s to 36 percent during the 1976-79, then fell to 29 percent during 1980-82. From a peak of 94 percent during 1959-63, sunflower seed exports fell to 25 percent of the world total during 1976-79, then recovered to 64 percent during 1980-

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82. Although soybeans were only introduced into Argentina in the first half of the 1970s, they achieved a 5-percent share of the world market by the second half of the 1970s. By the 1980-82 period their export share had risen to 8 percent.

During the 1976-84 period, industrial products accounted for an average of about 24.5 percent of the total value of exports. Industrial export receipts increased by 84 percent between 1976 and 1978 in response to the real depreciation of the peso and reduced import barriers that resulted in the wider availability of necessary capital and intermediate inputs. As the peso appreciated from 1979 to 1981, most industrial firms produced for the domestic rather than for the export market. Thus industrial exports stagnated during 1979. During the height of the economic recession in 1981 and 1982, numerous firms were forced to enter the export market. Concurrently, the government attempted to promote exports through devaluations and the introduction of incentives to export to new markets, as well as through temporary tax reimbursement schemes. The world economic recession hindered the effort to expand exports, during 1982 and 1983 and the continued overvaluation of the peso in 1984 caused a further reduction of exports. In 1983 and 1984 industrial exports declined to 21 and 20.2 percent, respectively, of the total value of exports.

Exports of chemical and plastic goods increased by 59 percent in 1980, stagnated in 1981, declined by 5 percent in 1982, and dropped by 3.2 percent in 1983. Between 1980 and 1983 textile exports declined by 39 percent. From 1980 to 1982 metal exports increased by 137 percent, then fell by 38 percent in 1983. Machinery exports declined by 47 percent during 1980-83. Transport equipment declined by 4.4 and 28 percent in 1980 and 1981, increased by 71 percent in 1982, and fell by 57 percent in 1983. Fuel and lubricants climbed by 460 percent in 1980 and by a further 122 percent in 1981. In 1982 and 1983 they dropped by 11 and 37 percent, respectively.

During the 1980-84 period Argentina's export markets shifted away from such traditional trading partners as the EEC and other European countries toward the Soviet Union. As recently as 1979 the EEC took 32 percent of Argentina's total exports. Export to the EEC dropped from 27 percent in 1980 to only 21 percent in 1983. Exports to other European markets declined from 7 percent to less than 5 percent over the same period. Exports to the Latin American Integration Association (LAIA) countries dropped from almost 22 percent in 1980 to

below 11 percent in 1983. Argentina did not join the United States-led partial trade embargo against the Soviet Union in 1980; instead, it signed a five-year trade agreement with the Soviet Union to export 4.5 million tons of cereals and oilseeds annually. Consequently, exports to the Soviet Union jumped from a low of only 5.3 percent of total exports in 1979 to about 20 percent in 1980. In 1981 trade flows to the Soviet Union peaked at 32 percent. They then declined to 21 percent in 1982 and edged up to about 22 percent in 1983. Exports to the United States expanded from 8.7 percent of total exports in 1980 to a peak of 13.2 percent in 1982, then dropped to 9 percent in 1983. In 1984 Argentina recorded its first trade surplus with the United States since 1959. Other significant export markets included China, Iran, and Japan.

On the import side, the value of intermediate goods increased from 60 percent of the total import value in 1980 to about 77 percent in 1983 (see table 7, Appendix). Capital goods dropped from almost 24 percent to about 18 percent in that period. Consumer goods fell from 18 percent in 1980 to about 5 percent in 1983.

Over the 1976-84 period agricultural products represented an average of about 6.2 percent of the total import bill. From a peak of 9.5 percent in 1980, the total agricultural import value declined to 6 percent in 1984. In 1980 the five leading agricultural imports in value terms were wood, fruit, coffee, vegetables, and meat. By 1983 the five leading import products were coffee, wood, cocoa, fruit, and live animals. The combined values of these categories increased from 60 percent of all agricultural imports in 1980 to more than 63 percent in 1983.

The share of imports from the EEC and other European countries declined between 1980 and 1983 from 26 to less than 24 percent. Imports from the rest of Europe stagnated at about 9.4 percent. Imports from the United States declined from 22.5 percent in 1980 to about 20 percent in 1983. Those from the LAIA countries increased from about 20 percent in 1980 to over 30 percent in 1983. In 1982 Argentina had a trade surplus with the Soviet Union that exceeded US\$3 billion. The trade imbalance between the two countries was unlikely to be resolved in the immediate future by a compensating flow of imports from the Soviet Union because of the unsuitability of Soviet capital goods to Argentina's industrial infrastructure. Moreover, the large body of public opinion

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within Argentina opposed increased trade with the Soviet Union because of ideological differences.

Balance of Payments

The overall balance of payments was in deficit during each of the years between 1980 and 1983. During 1980 and 1981 the government financed its large current account deficits and capital account outflows by resorting to foreign loans and drawing down the country's foreign reserves. Despite a narrowing of the current account deficits in 1982 and 1983, Argentina's access to foreign loans was curtailed at the same time that capital outflows resumed. The resulting capital account deficits caused a severe contraction of foreign reserve holdings.

In 1980 Argentina recorded a current account deficit of US\$4.8 billion. The deficit was primarily caused by the US\$2.5 billion trade deficit stemming from a huge inflow of imports. Tourism, like trade, proved to be highly responsive to changes in the exchange rate. Between 1978 and 1980 tourist expenditures abroad increased by 200 percent in response to the overvaluation of the Argentine peso in relation to the United States dollar. In comparison with Argentine tourists' expenditures abroad of US\$1.8 billion in 1980, foreign tourists visiting the country spent only US\$345 million. Net royalty payments abroad amounted to US\$226 million; profit and dividend remittances totaled US\$606 million in comparison with inflows of only US\$22 million. Interest payments of almost US\$2.2 billion on the foreign debt exceeded Argentina's US\$1.2 billion in interest earnings on its foreign reserves.

In 1981 the country registered a trade deficit of US\$287 million, but it contributed only marginally to the overall current account deficit of more than US\$4.7 billion. The overvaluation of the peso again caused a net outflow of tourist expenditures abroad of about US\$1.4 billion. Royalty payments to foreign firms remained at about the 1980 level. Interest payments on the foreign debt increased by 77 percent to US\$3.8 billion, while interest receipts on foreign reserve holdings declined by 28 percent to US\$886 million in response to the liquidation of foreign reserves to cover the overall deficit.

In 1982 the current account deficit was halved to US\$2.3 billion from the 1981 level. The continuation of the economic recession, the consequent decline of economic activity, diffi-

culties in obtaining trade financing, and import controls reduced the huge 1981 flow of imports. Consequently, the trade balance moved into a surplus of US\$2.2 billion. The introduction of foreign exchange controls in April 1982 caused tourist expenditures abroad to drop by 62 percent to US\$565 million, and foreign tourists in Argentina spent a total of US\$609 million, so that the country gained about US\$44 million from tourism. In 1982 royalty payments increased by more than 47 percent to US\$363 million, owing largely to payments to foreign firms that were constructing the Center-West natural gas pipeline (see Energy, this ch.). Net profit and dividend remittances declined by 57 percent largely as a result of currency devaluations. Net interest payments fell by 48 percent, recording a deficit of US\$4.4 billion as a result of a 28-percent increase of interest payments on the foreign debt, and a 41 percent drop of interest earnings on foreign reserves.

In 1983 the current account deficit inched up to about US\$2.4 billion. The trade balance surplus grew by 45 percent to US\$3.3 billion in response to an almost 3-percent climb in export levels and a 15-percent fall of imports. Tourism outflows remained depressed during the year as foreign exchange controls prevented Argentines who planned to travel abroad from purchasing foreign currencies at the preferred official rate of exchange, forcing them instead to buy currency at the more expensive parallel exchange rate. Net royalty payments to foreign firms for the natural gas pipeline were largely responsible for an increase in currency outflow to US\$521 million. Trends toward lower interest receipts on foreign reserve holdings and increased interest payments on the foreign debt continued in 1983. Interest earnings fell by 16 percent to US\$440 million, while interest payments increased by 10 percent to US\$5.4 billion. Between 1980 and 1983 interest payments on the foreign debt more than doubled as a result of the higher interest rates that prevailed in world financial markets.

Large private and public sector capital inflows during 1978 and 1979 caused the overall capital accounts to record surpluses of US\$1.2 billion and almost US\$4.8 billion, respectively. In 1980 private sector capital outflows amounted to more than US\$1.4 billion. Despite a 160-percent increase in public sector borrowing to US\$2.9 billion, the capital account surplus declined by 54 percent to US\$2.2 billion, an amount insufficient to offset the large current account deficit. Consequently, the overall balance of payments was in deficit by

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US\$2.5 billion, compared with the 1979 surplus of US\$4.4 billion.

Long-term capital inflows increased from almost US\$4.7 billion in 1980 to almost US\$9.7 billion in 1981. In 1981 about 96 percent of the long-term capital comprised private and public sector borrowing, with the remainder including a US\$927 million inflow of direct foreign investments. The large short-term capital outflow of US\$8.8 billion, however, caused the capital account to register a surplus of only US\$1 billion. Overall net public sector borrowing of about US\$4.4 billion and direct foreign investments of US\$927 million offset the net outflows of some US\$3.4 billion in trade financing and US\$890 million in private sector funds. The combination of a US\$4.7 billion current account deficit and a small capital account surplus of US\$1.1 billion produced a total balance of payments deficit of US\$3.6 billion in 1981.

As a result of the South Atlantic War, public sector organizations found it difficult to obtain foreign loans in 1982, while private sector capital outflows increased. Net trade financing outflows of almost US\$2.4 billion, private sector capital outflows of US\$1.1 billion, and public sector debits of US\$500 million combined with an inflow of US\$257 million in direct investments to create a capital account deficit of about US\$3.8 billion in 1982. The deficit in the capital account combined with a smaller current account deficit to produce an overall balance of payments deficit of US\$6.3 billion—60 percent greater than that recorded in 1981.

In 1983 the capital account deficit was reduced by 97 percent to US\$112 million as capital flight was almost brought to a halt. Net direct investment inflows totaled US\$183 million, and trade credit outflows declined by 85 percent over 1982 levels. Private sector inflows increased for the first time since 1979, to US\$97 million, but public sector liabilities increased by US\$46 million. The near eradication of the capital account deficit, together with a US\$2.4 billion current account deficit, brought the 1983 balance of payments deficit down by 59 percent to US\$2.8 billion.

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The Economy

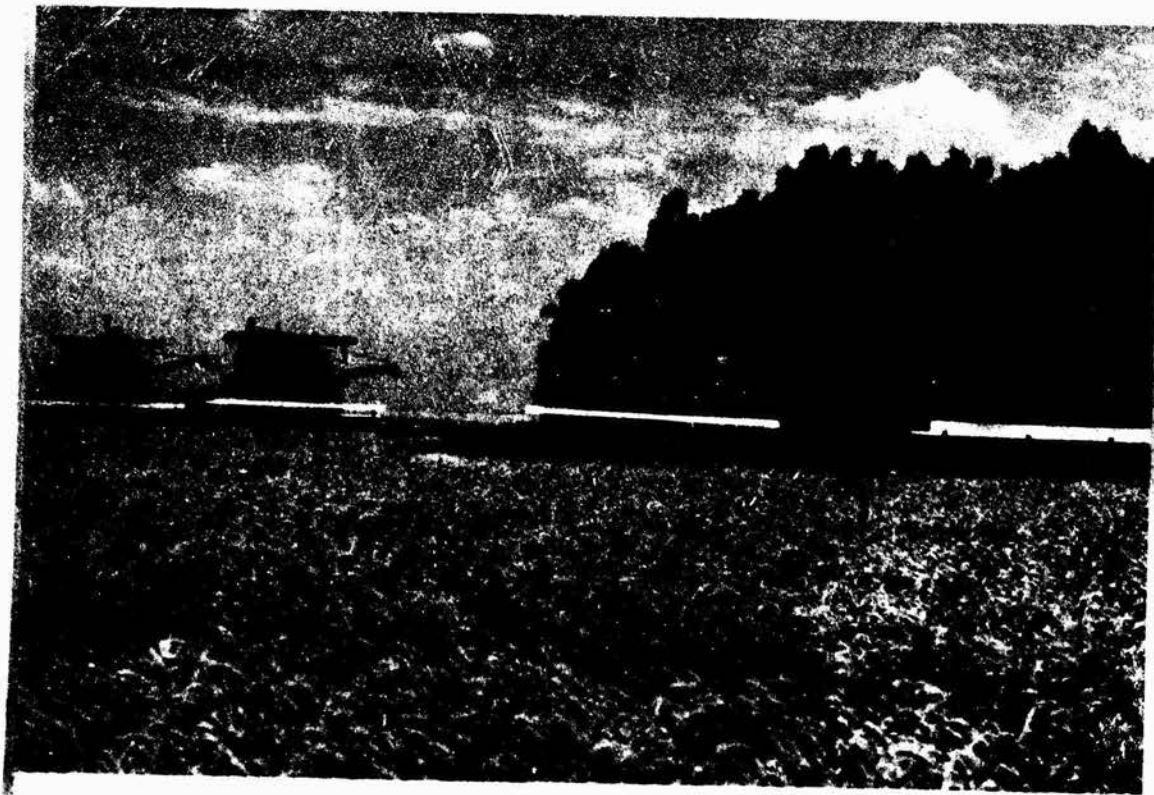
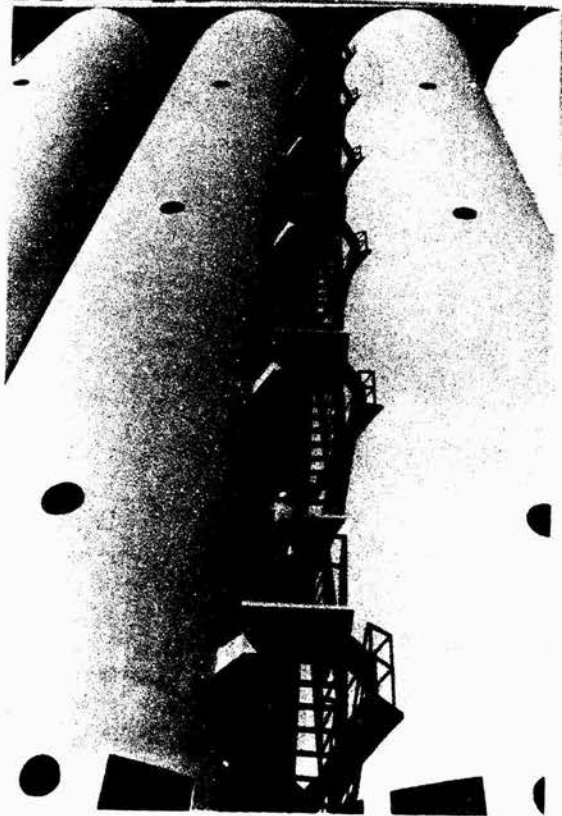
The Argentina desk in the Brazil/River Plate Division of the United States Department of Commerce in Washington, D.C., is a most valuable source for information on the economy of Argentina. The Department of Commerce maintains comprehensive files and reference sources on the sectoral performance of the economy. *The New Argentina: Planning for Profits in the 1980s*, published by Business International, is an excellent review of the economy from the early 1970s through 1982. The Foreign Agricultural Service and the Economic Research Service of the United States Department of Agriculture are valuable sources for obtaining information on trends for agricultural commodities. *The Mineral Industry of Argentina*, published by the Bureau of Mines division of the United States Department of the Interior, provides a detailed description of trends in the production of minerals as well as that of petroleum and natural gas. *Argentina since Martínez de Hoz* by Rüdiger Dornbusch provides a timely description of the complex and numerous economic policies that were pursued by the government over the 1981-83 period. Good Argentine publications on the economy include *Ámbito Financiera*, *Business Trends*, *Review of the River Plate*, and *Anuario de la Economía Argentina/Annual Report of the Argentine Economy*. Other solid general reviews are found in *Business Latin America*, published by the United Nations Economic Commission for Latin America and the Caribbean, and the *Quarterly Economic Review of Argentina*. (For further information and complete citations, see Bibliography.)

*Fish-packing plant,
La Paloma
Courtesy
WORLD BANK PHOTOS/
James Pickerell*

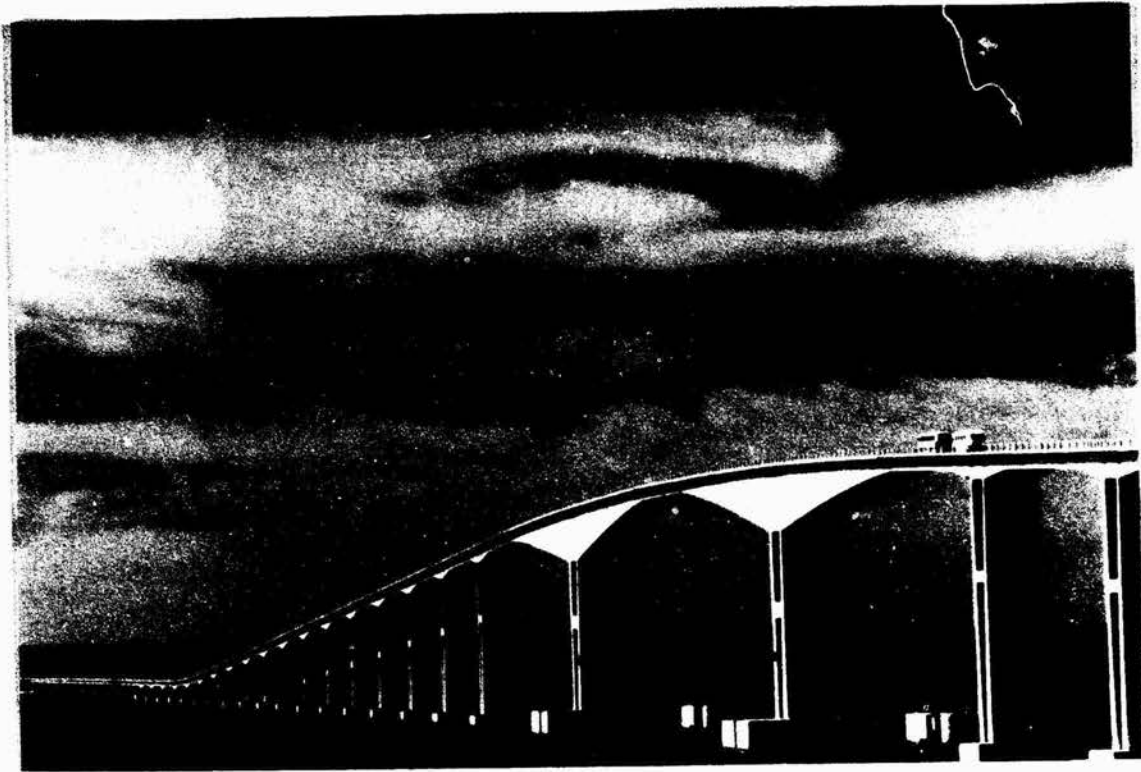


*Cattle ranching in Córdoba Province
Courtesy Inter-American Development Bank*

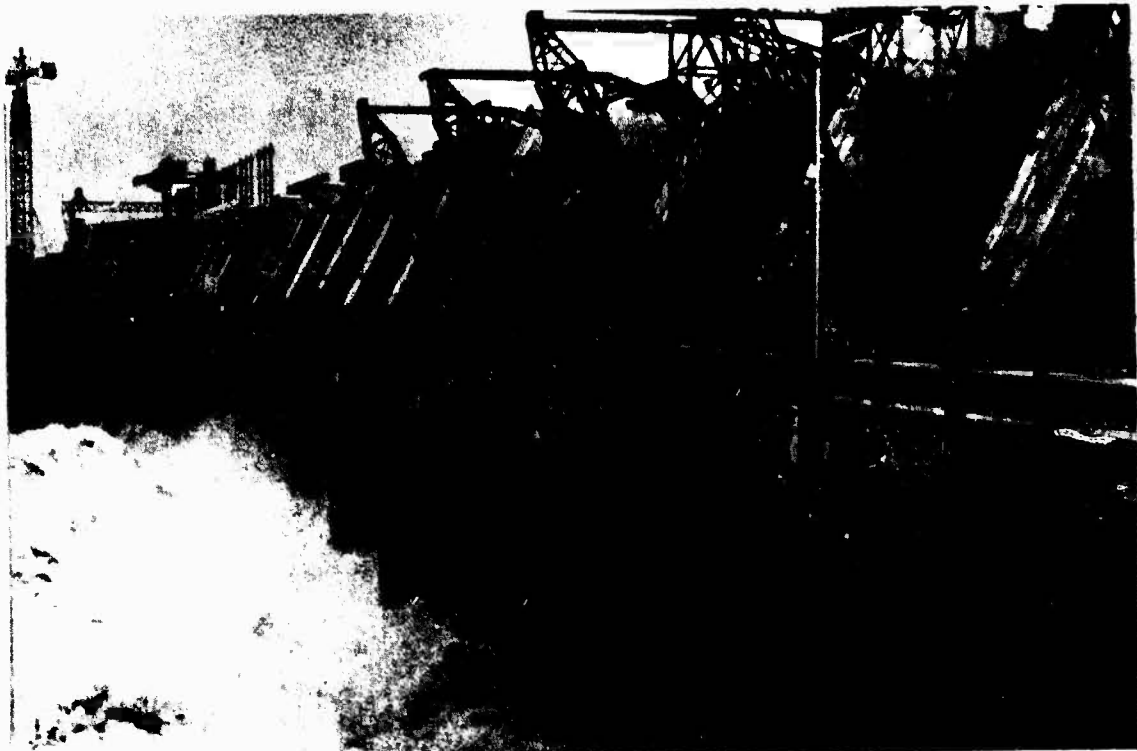
*Grain silos in
province of Entre Ríos*



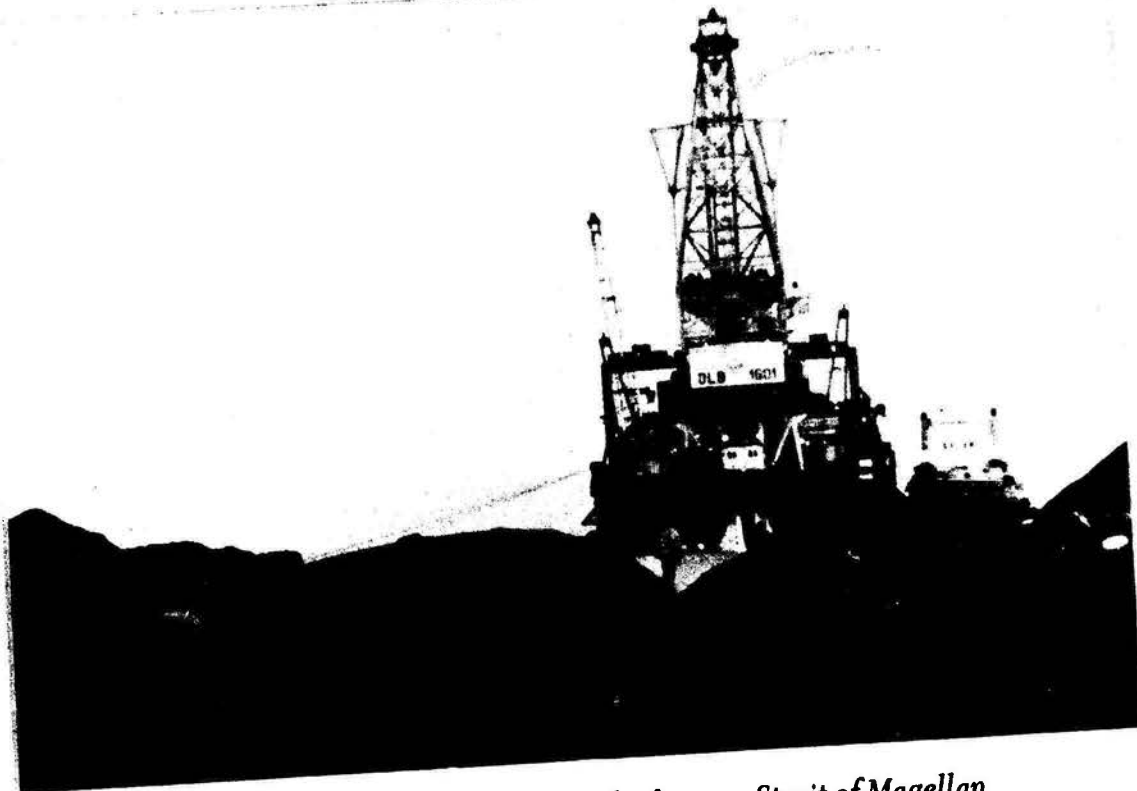
*Wheat harvest in Buenos Aires Province
Photos courtesy Inter-American Development Bank*



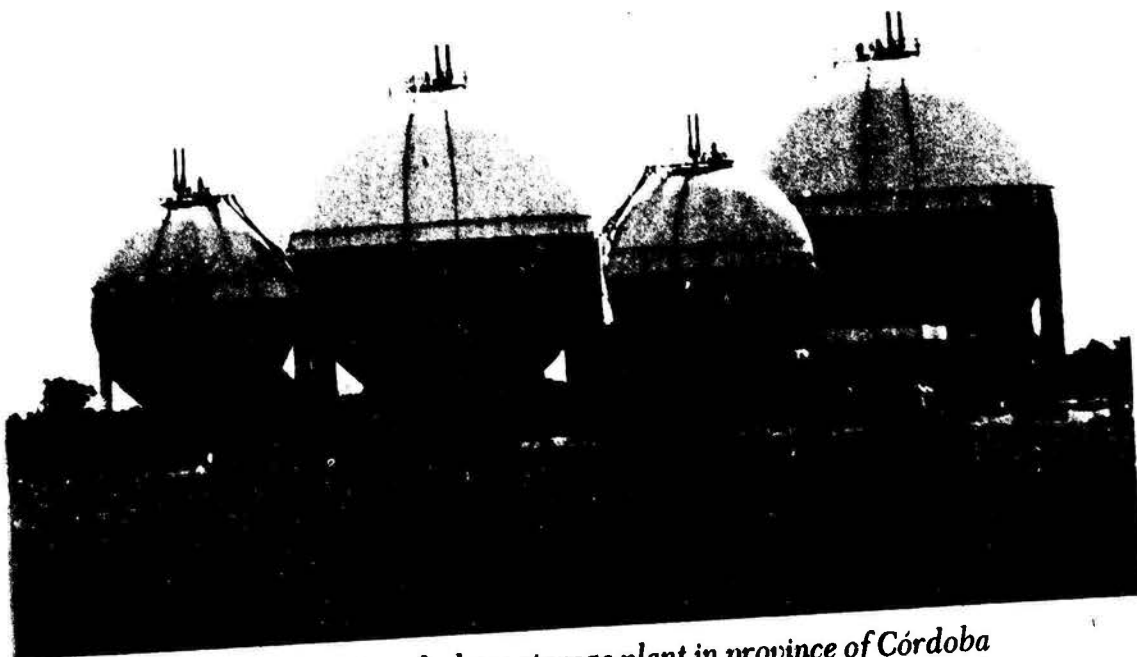
*Fray Bentos Bridge linking Uruguay and
Argentina across Río Uruguay*



*Salto Grande hydroelectric dam
Photos courtesy Inter-American Development Bank*



Gas pipeline being laid across Strait of Magellan



*Liquefied gas storage plant in province of Córdoba
Photos courtesy Inter-American Development Bank*

Chapter 4. Government and Politics



Casa Rosada, the presidential palace

POLITICAL PARTIES, PERSONAL FACTIONS, labor unions, military factions, and business groups were among the numerous actors in Argentina's political system—all competing for control of the presidency, for the power to determine government policy, and for the authority to distribute the patronage that such control brought. Each actor tended to seek exclusive control of the government and, once successful, to use that control to harm its competitors. As a result, virtually all government decisions were determined by weighing their potential impact on the alignment of political forces supporting or opposing the government.

The political competition was not limited by the formal Constitution and laws of the country, which were typically cited by those actors who benefited from them and ignored by those who did not. Real political power was not based on laws but on the control of political resources, such as the ability to call a general strike, to withhold investment capital, or to take over the government through force of arms.

The political resources that brought victory in the competition varied with the circumstances at any particular time. At one point, force of arms might bring control of the government, but at another it might not be enough. Similarly, winning elections might bring the presidency, but keeping it depended on being able simultaneously to reward supporters with patronage and policies that benefited them and to prevent opponents from coalescing in an alliance that could overthrow the government or prevent it from making policy.

The actors in the system tended to change positions rapidly, aligning themselves in complex constellations of factions in support of particular policy questions while producing a completely different alignment on other policy questions. Thus, it was often difficult to determine who supported the government and who opposed it, for the patterns shifted as the issues changed.

This pattern of continuously shifting coalitions was the dominant pattern not only of the system as a whole but also of the institutional actors within it. Virtually all of the organizations that competed in the system—the military, the political parties, the business associations, and the labor unions—were divided into factions. Just as each group in the system sought to use the resources in its possession against its competitors, so

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internal factions within the groups also fought for control of those same resources.

The constantly shifting pattern of political alignment in the system produced frequent changes of government as well as frequent changes in forms of government. At times the dominant coalition favored liberal democratic institutions because those institutions made the resources in their possession important. At other times the dominant coalition favored authoritarian institutions for much the same reason. The competition, however, was not over forms of government which were means to an end, and were to be manipulated or discarded as the political situation decreased their utility. Rather, the competition was over the ability to determine government policy and thereby to manipulate that policy to benefit supporters and punish opponents.

The complexity of the system, in which alliances of factions within some organizations formed alliances with factions within other organizations in pursuit of relatively short-term political gain, produced a marked tendency toward stalemate in the system, rendering the government unable to take any action when confronted with an array of forces aligned against it. In such situations the competition sometimes became violent as groups abandoned legal political competition for civil war. Since the 1920s, however, violence was limited, only becoming the dominant pattern of political struggle in the 1970s.

The transformation of the political system in 1983 from an authoritarian one based on military rule to a liberal-democratic system based on elected civilians did not change these fundamental political patterns. Raúl Alfonsín confronted the same shifting pattern of support and opposition as did his predecessors. Just as the inability of the preceding military governments to solve the economic problems facing the country led to the transition to civilian rule, so the survival of constitutional government depended largely on Alfonsín's ability successfully to manipulate the forces in the system to stay in power while solving similar economic problems. Whether or not he succeeded depended little on ideology and even less on observing the niceties of liberal democracy. Rather, it depended on his ability to marshal the support of more factions and to sustain that support.

Institutional Structure

Constitutional Background

The 1853 Constitution, which was still in effect in 1985, was written and promulgated in the midst of the period of intermittent civil war between Unitarians and Federalists that marked the country's first half-century of independence (see *The Dictatorship of Rosas, 1829-52*, ch. 1). Several earlier constitutions had been promulgated as part of the conflict, most notably the strictly centralist 1826 constitution, followed by the 1831 Federal Pact that sanctioned the autonomy of the interior provinces. The centralist rule of Juan Manuel de Rosas (1829-52) provoked a strong reaction in the interior provinces, and following his overthrow in 1852, the governors of most provinces agreed to a new constitution, promulgated in 1853. The province of Buenos Aires, however, boycotted the constitutional convention and maintained a separate existence. Civil wars between Buenos Aires and the other provinces followed in 1858 and 1861. Buenos Aires gained a decisive victory in 1861, under the leadership of Bartolomé Mitre, and then agreed to join the other provinces, after securing some amendments to the 1853 Constitution.

The 1853 Constitution provides for a federal system of representative government. The provinces have the right to establish their own governments, and all powers not specifically accorded to the national government are reserved for the provinces. Provincial autonomy is limited, however, by a provision allowing the national government to intervene in the provinces whenever it deems such action necessary. The structure of the national government is based on the principle of the separation of powers into three coequal branches: legislative, executive, and judicial. The president, who serves as both chief of state and head of government, is to be elected to a six-year term by an electoral college, whose members are to be chosen by popular vote. The legislative branch is to consist of a bicameral Congress—the upper house elected by the legislatures of the provinces and the lower house by popular election. The judiciary is to be nominated by the president and confirmed by the upper house of the legislature. The Constitution may be amended only by a convention summoned for that purpose by a two-thirds vote of members of Congress. Amending conventions met in 1880, 1890, 1898, 1949, 1957, and 1972.

The 1853 Constitution remained the formal institutional

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framework until 1949, when a constitutional convention convened by President Juan Domingo Perón (1946-55) made substantial amendments to it. Although technically the 1949 constitution was merely an amendment to the 1853 Constitution, it was treated as an entirely new constitution because it substantially altered the institutional arrangements outlined in 1853. The power of the executive was greatly increased, the provision of the 1853 document prohibiting immediate reelection of a sitting president was abolished, and the rights of labor unions to organize, strike, and participate in the government were included in the 1949 constitution (see Perón's First Presidency, 1946-51, ch. 1).

After Perón's overthrow in 1955, the military government of Pedro E. Aramburu (1955-58) issued an executive decree in 1956 to return the country to the 1853 document, including all amendments except those of 1949. The following year the Aramburu government called a constitutional convention to consider a number of proposed amendments, but that convention failed in its efforts to write a new constitution and disbanded. The convention succeeded only in approving the insertion of an amendment to Article 14 that referred to the rights of workers (including the right to strike) and to social security.

The civilian governments of Arturo Frondizi (1958-62) and Arturo Illia (1963-66) governed under the 1853 Constitution. The military government of Juan Carlos Onganía (1966-70) subordinated the 1853 Constitution to its Act of the Argentine Revolution. The act was repealed in 1972 by the military government of Alejandro Agustín Lanusse, and the 1853 Constitution remained in force until 1976, when the military government of Jorge Rafael Videla (1976-81) subordinated it to the Statute for the National Reorganization Process (see *The Liberating Revolution, 1956-66*, ch. 1).

The Videla government promulgated two basic laws. The government's guiding philosophy and objectives were stated in the Act for the National Reorganization Process, issued on the day of the coup. Pursuant to this act, the military established a three-man junta composed of the commanders in chief of the army, navy, and air force to assume the "political power of the Republic." The act declared the terms of office of the president, vice president, governors, and vice governors to be null and void. It dissolved Congress, the provincial legislatures, the House of Representatives of the city of Buenos Aires, and the municipal councils. It removed and replaced all members of

the Supreme Court with military officials and dismissed the attorney general and members of the higher provincial courts. Military officers took over most key ministerial posts and filled all nine positions on a newly established Legislative Advisory Committee—empowered to intervene in the drafting and approval of laws—with three men from each branch of the armed forces.

The Statute for the National Reorganization Process, adopted on March 26, 1976, reiterated what had been established by the Act for the National Reorganization Process. Although the fundamental text of the 1853 Constitution remained in effect, the military government amended it by a series of decrees with the force of law and subordinated it to the Statute for the National Reorganization Process. With respect to those provisions of the 1853 Constitution not amended by the military, the Constitution was invoked and applied, providing it did not contradict the basic objectives declared in the Act for the National Reorganization Process (see *The Military in Power*, ch. 1).

Both the Act and the Statute for the National Reorganization Process were repealed by the Congress that took office in 1983. The 1853 Constitution, as it had been worded in 1975, again became the highest law of the land.

Executive

Under the 1853 Constitution, the executive branch consists of the president, the vice president, and the cabinet. Executive power is vested in the "President of the Argentine Nation," who is elected by a popularly elected electoral college for a six-year term. A president may not be reelected immediately but may be elected again after a six-year interval. He must be native-born or the child of native-born parents. Both the president and the vice president must profess the Roman Catholic faith and be at least 30 years old. The vice president is elected at the same time as the president and may succeed him "in case of his illness, absence from the capital, death, resignation, or removal from office." If the vice president is also incapacitated, the line of succession goes to the president pro tempore of the Senate, the president of the Chamber of Deputies, and the president of the Supreme Court. If the presidency is filled by anyone other than the vice president, however, the 1853 Constitution requires that a new election be held within 30 days.

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The 1853 Constitution endows the president with extensive powers, including the general administration of the country, execution of its laws, broad powers of appointment, the conduct of foreign affairs, and the power to approve or veto all legislative acts of Congress. The president's broad legislative powers enable him, in the majority of cases, to introduce legislation to Congress. He nominates the bishops of the Roman Catholic Church from a list of three names submitted by the Senate and—with the exception of judges and members of the diplomatic corps, who must be confirmed by the Senate—is the sole judge of the qualifications of his appointees. The president is the commander in chief of the armed forces and as such is responsible for appointing military officers (with the consent of the Senate in the case of general officers) and for the placement of troops. He also serves as the head of the Federal District.

In addition to these powers, the 1853 Constitution empowers the president to declare a state of siege under which most civil liberties guaranteed by the Constitution are suspended. The president may declare a state of siege with the concurrence of the Senate in the event of foreign attack or upon the request of Congress in the event of internal disorder. If Congress is in recess, the president may act unilaterally, but the state of siege must be approved by Congress when it reconvenes.

The powers granted to the president are so extensive that the office is the center of the political system; it is the prize for which all political actors compete. Once in office, the president is not legally required to seek wide backing for his policies. The limits on presidential power are political, not legal, and consequently presidents rarely share power with political parties, whether they be their own or other parties.

The vice president presides over the Senate and generally assists the president. However, vice presidents have no independent power. The office is typically not occupied during periods of military rule.

Under the 1853 Constitution, the president is assisted by a nine-member cabinet consisting of the ministers responsible for the eight ministries plus the secretary general of the presidency. The cabinet must countersign all presidential decrees, and the ministers are both individually and collectively responsible for the actions of the administration. Members of the cabinet are selected by the president and may not be members of Congress. The offices of the state administration under the

cabinet are divided into eight ministries: defense, economy, education and justice, foreign relations and worship, interior, labor and social security, public health and social action, and public works and services. The ministries are further divided into varying numbers of secretariats and undersecretariats headed by secretaries of state and undersecretaries of state, respectively.

Generally, secretaries and undersecretaries are responsible to their respective ministers. However, the president has the power to decide how the administration will operate internally. In 1983 President Alfonsín increased the power of the secretaries of state, allowing them to bypass their ministers and deal directly with the president.

Legislature

Under the 1853 Constitution, the legislative branch consists of a Congress (Congreso Nacional) composed of two chambers: the Chamber of Deputies and the Senate. The approval of both bodies is required to pass legislation.

In 1985 the Senate consisted of 46 members, two for each of the 22 provinces and the Federal District (Capital Federal). Senators representing the provinces were elected by their respective provincial legislatures, while those representing the Federal District were elected directly by citizens. The 1853 Constitution requires that senators be at least 30 years old, that they have been citizens for six years, and that they either be natives of the province from which they were elected or have resided there during the two preceding years. Senators serve nine-year terms; one-third of the seats are up for election every three years. Because the entire Senate was elected in 1983, it was expected in 1985 that those senators who would run in elections scheduled for October 1985 would be selected by lottery.

The Chamber of Deputies was composed of 254 deputies elected directly by the citizenry. Apportionment was based on population, each province receiving one deputy for each 85,000 inhabitants. Deputies represented the entire province. The seats for each province and the Federal District were divided among the political parties based on a proportional representation system that included all parties receiving at least 4 percent of the vote. The 1853 Constitution requires that deputies be 25 years old, that they have been citizens for at least four years, and that they have resided for at least two

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years in the province in which they seek election. Deputies serve four-year terms, one-half of the Chamber ran for elections every two years. The deputies who would have to stand for reelection in October 1985, like their Senate counterparts, were expected to be selected by lottery.

Members of Congress enjoyed immunity from arrest, which could only be removed by a two-thirds majority vote of the member's chamber. The Chamber of Deputies had the exclusive right to impeach the president, vice president, ministers, and members of the Supreme Court; the Senate would thereafter sit in judgment of those charges.

Both houses met in regular session from September 30 to May 1 of each year. The president, however, had the power to call Congress into special sessions that dealt solely with matters specified in the call. Each house was responsible for its own internal organization, and each was divided into a number of standing committees that dealt with legislation in their respective areas of competence. Bills could be introduced in either house, with the exceptions of bills to raise taxes or recruit troops, which originated only in the Chamber. Having been introduced, bills were then sent to the appropriate standing committees for consideration and amendment before returning to the house floor for debate and final vote. Bills required approval of a simple majority of both houses to become law. A presidential veto could be overridden by a two-thirds majority in both houses.

Historically, Congress generally did not serve as a check on the power of the executive. The most important function of Congress was to provide a national forum for the expression of constituent interests, and it therefore spent most of its time debating the president's program and then passing a large number of bills (some 200 in its 1984 session) in the last few days of its sessions. Its weakness was attributed to the growth of the executive branch after 1930 as the state undertook an increasingly active role in the economy, to the frequent periods of authoritarian rule during which Congress was closed, and to the general weakness of the party system (see Political Parties, this ch.).

Judiciary

Under the 1853 Constitution, the judiciary functioned as a separate and independent branch of government. The judicial system was divided into federal courts and provincial courts.

The federal system had a Supreme Court at the peak of the system, with chambers of appeal and federal section courts below it. The Supreme Court was responsible for its own internal administration as well as the administration of the lower federal courts. The performance of judges in the lower courts was reviewed by the Supreme Court, and it had the power to discipline lower judges who violated its regulations. Cases of recurrent abuses and serious negligence were referred to Congress, which held impeachment proceedings. The number of lower federal courts was fixed by Congress.

Constitutionally, federal judges were appointed by the president and served for life unless impeached by Congress. Few judges, however, served beyond the term of office of the government that appointed them. Traditionally, such appointments were made on political criteria, and little attempt was made to develop a professional judiciary. Military governments, in particular, generally replaced large numbers of federal judges when coming to office, but civilian governments often did this as well.

The Supreme Court had six members, as did the federal appellate courts. The chief justice of both courts was selected by his colleagues to serve a three-year term. For most cases the Supreme Court and the appellate courts did not meet as a plenum; each member of the court heard cases individually. In unusual circumstances, however, such as the trial of the members of the military governments of the late 1970s and early 1980s that began in 1984, the federal courts met as a plenum (see *The Radical Government of Raúl Alfonsín*, this ch.). The federal section courts had only one judge.

The federal courts had jurisdiction over treaties with foreign countries; cases involving the federal government or its agencies (except when the latter act in their capacity as private parties); cases concerning foreign ambassadors and consuls; litigation between two or more provinces or between a province and residents in another province, and cases involving the enforcement of federal laws, such as laws on citizenship and naturalization, military service, patents, trademarks and copyright, maritime concerns, and federal taxation. Cases were read rather than heard, with testimony, arguments, and decisions presented in writing.

Although provided for in the 1853 Constitution, the power of judicial review was not used extensively. When the Supreme Court declared a law unconstitutional, it did not invalidate the law but merely refused to apply it. Once a

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constitutional issue was decided in the Supreme Court, the lower courts were generally bound by its decision. The courts did not typically challenge the authority of the executive. Cases that the courts felt would lead to a confrontation with the executive were typically defined as political questions not falling under the purview of the judiciary. Since the 1930s the Supreme Court has recognized governments that have come to power via extraconstitutional means as legitimate governments *de facto*. On several occasions—most notably in 1946, 1955, 1966, and 1976—the judiciary was purged, either through congressional impeachment or executive decree.

Each province had its own judicial system, including courts of first instance and appellate courts. The city of Buenos Aires had its own courts, which, although mandated by the national Congress, did not belong to the federal judicial system. The local courts had jurisdiction over all matters not falling under the jurisdiction of the federal courts. In addition to the provincial laws, however, they enforced the civil, commercial, criminal, and mining codes enacted by the national Congress.

Local Government

The 1853 Constitution divides power between the federal government and the 22 provinces, the Federal District, and one national territory, stipulating that the provinces “retain all power not delegated by the national constitution to the federal government.” Each province had its own constitution and generally elected its own governors and legislatures. These provincial authorities, however, were described in the 1853 Constitution as “regents of the federal government for the exercise of the constitution and law of the nation.”

The provincial executive was the governor, who served a four-year term and could not be reelected to a second consecutive term. A majority of provinces elected governors in direct elections; a few, however, used directly elected electoral colleges to select the governor. Governors enjoyed wide powers of appointment and removal, and they could call their respective legislatures into special session, introduce legislation, veto bills passed by their legislatures, and issue executive decrees. Their primary responsibility was the enforcement of federal laws within the province.

Most provincial legislatures were unicameral, and members were elected every four years. Provinces with populations

greater than 500,000 had bicameral legislatures, with the lower house elected every four years and the upper house every six years. Legislative sessions generally lasted from four to five months.

Provincial governments had limited responsibilities. They could not legislate on financial, jurisdictional, or military matters. The federal government dictated policies on national expenditures, foreign relations, and national economics, as well as on social priorities. Provincial governments did not have the power of taxation but depended on the federal government for revenues. They did, however, allocate their own budgets.

The greatest limit on provincial autonomy was the federal government's power of intervention. Under Article 6 of the 1853 Constitution, the federal government "may intervene in the territory of a province in order to guarantee the republican form of government." Because the federal government had the power to define the meaning of republicanism, it could assume control of a province at virtually any time. This power of the federal government was widely used by both military and civilian governments to ensure acquiescence to national policy. Federal appointees responsible only to the president, known as intervenors, replaced elected governors throughout the country during the military governments of 1966-1973 and 1976-1983. Provinces again elected their own officials in October 1983.

In most provinces the governor appointed city mayors. In larger cities and towns the mayor headed an elected council; in smaller communities the mayor was assisted by a three to five-person commission also appointed by the governor. The mayor of Buenos Aires and the governor of the National Territory of Tierra del Fuego were appointed by the president with the approval of the Senate. The city of Buenos Aires also had an elected House of Representatives.

Elections

Although regular elections were provided for in the 1853 Constitution, they have been held irregularly and, when held, have often been marked by fraud and the disenfranchisement of large sectors of the population. A series of electoral reforms, collectively known as the Sáenz Peña Law after President Roque Sáenz Peña (1910-14), under whose administration they were passed, provided for secret, obligatory, and universal male suffrage, as well as permanent voter registration. In

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addition, the law ensured minority representation in the national government by requiring that one-third of each province's representatives in the Chamber of Deputies be members of the party that finished second in the most recent election.

In 1963 the Sáenz Peña Law was replaced with a new electoral code that retained its provisions on mandatory voting and the secret ballot but incorporated the provisions of subsequent legislation, including the 1947 extension of suffrage to women. The system of proportional representation was changed at that time to include representation in the Chamber of Deputies of all parties that received at least 3 percent of the vote in a province.

In preparation for the 1983 elections, the military government of President Reynaldo B. Bignone (1982-83) enacted the National Election Code of 1983 and the Organic Law of the Political Parties of 1982, which remained in effect in mid-1985. Under these laws, voting was mandatory for all citizens between the ages of 18 and 70, excluding the mentally incompetent and military conscripts. Identity documents required of all citizens indicated that a person either had voted or had been excused for an acceptable reason, such as ill health. Failure to vote was punishable by a fine of 60 pesos (for value of the peso—see Glossary). The government provided transportation within the country for those requiring it, but absentee voting was not allowed. In 1983 this provision disenfranchised an estimated 300,000 persons who were out of the country for political reasons.

Voting took place on Sundays. Each province and the Federal District were treated as a single electoral district but for voting purposes were divided into precincts encompassing a maximum of 250 voters, except for those located in cities with more than 30,000 inhabitants, where 300 was the maximum number. The Electoral Department of the Ministry of Interior appointed a federal judge, known as an "electoral judge," and an electoral board to administer elections. The electoral judge was responsible for the registration list and the eligibility and actions of political parties. The electoral board named polling-place officials and settled any disputes arising on voting.

In presidential elections the electoral colleges consisted of persons selected by the political parties and pledged to individual candidates. The total number of electors was 600. Each province and the Federal District chose a college equal in number to twice its congressional representation. If a slate of electors was pledged to a candidate and received more than 50

percent of the vote in a province, that candidate then received all the electoral votes for that province. If no candidate's slate received a majority, the votes for that province were distributed among all the candidates in proportion to their percentage of the popular vote. The electoral colleges sent their votes in sealed boxes to the newly chosen national Congress, where they were opened publicly and the ballots counted. A candidate receiving 301 votes was proclaimed the winner. If no candidate received the required majority, members of Congress then moved to elect the president. An absolute majority of congressional votes and the participation of at least 75 percent of the total congressional membership were required for victory in such an election. Throughout the entire process the president and the vice president were elected separately.

In accordance with the 1982 Organic Law of the Political Parties, candidates were nominated by recognized political parties. In 1983 all political parties were required to apply to the electoral judge for recognition. Each party was required to provide the judge with copies of the party's constitution, platform, list of officials, charter, address, and list of members. A party was recognized if its membership equaled 0.4 percent of the total registered voters of the corresponding district. In 1983 some 31 percent of the registered voters nationwide declared themselves members of political parties. The government gave the parties six months to register the minimum number of members required for recognition. Once a party had been recognized, it was required to elect new party officials.

Parties that received 3 percent of the total vote cast could obtain funds from the federal government to help defray campaign expenses. All parties could also conduct fundraising activities, but they were not allowed to receive contributions from anonymous contributors, foreign businesses, labor or professional groups, employees forced by superiors or employers to give contributions, or companies that provided federal or provincial public works or services.

Elections were held irregularly between 1930 and 1983. This was a result of the large number of military governments during that period (see *The Military as a Political Force*, this ch.). In addition, however, political party leaders also played a role. Historically, those who lost elections seldom accepted their defeat as definitive. Opposition parties traditionally turned to other means of attaining power, most often by attempting to provoke a military coup. If the leaders of the

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armed forces could be persuaded to overthrow the government, the opposition parties might be able to gain power in the newly installed government or, failing this, might fare better in new elections—especially if the former government party were denied participation at the polls. All of the extraconstitutional governments since 1930 were supported, at least initially, by most of the major parties that had formed the opposition to the deposed government. In most cases, opposition parties were also active in the conspiracies that led to military interventions.

Political Mentalities

To a great extent, political conflict since the 1890s has been motivated by competing visions of what the country should be and how it should fit into the world economic system. Historically, these differing sets of ideas were expressed by changing coalitions of parties and interest groups, each of which sought exclusive control of the country in order to impose its vision of Argentina on the others. Analysts described these sets of ideas as political mentalities rather than as ideologies because, with few exceptions, they were not based on formal written political theory.

Conservatism

Conservatives dominated the country from the middle of the nineteenth century through 1916 (see *The Oligarchy, 1880-1916*, ch. 1). Convinced that only the upper class was capable of governing, they saw restricted suffrage and/or fraudulent elections as necessary evils, for otherwise the uninformed masses might gain political power and ruin the nation. After the passage of the Sáenz Peña Law, however, they were no longer able to ensure their political dominance via elections. Since their loss to Hipólito Yrigoyen in 1916, Conservative parties have won national elections only through fraud, although they have scored bona fide electoral victories in a few interior provinces.

Traditionally, Conservatives stressed free trade, export-led growth, openness to foreign investment, and a further integration into the global trade and monetary system. Their vision was of a country that lived off its agricultural wealth, exporting

produce and importing manufactured products. They generally eschewed any government intervention in the economy, trusting market forces to determine the allocation of economic resources. Conservatives were generally uninterested in developing industries oriented toward the domestic market.

The cattle ranchers were the staunchest defenders of conservative policies and were joined by major domestic industrialists involved in processing agricultural products for export, domestic and foreign industrialists involved in supplying manufactured goods to the primary sector, and domestic and foreign financial interests. At times these interests were joined by the hierarchy of the Roman Catholic Church, the armed forces, and a large, heterogeneous part of the middle class. Although this coalition was inherently unstable, some members supporting and others opposing the specific policies of any particular government, it was united when faced with any challenge presented by the working class, the political left, or populism (see Peronism, this ch.).

No longer able to secure office in free elections after 1916, Conservatives resorted to fraudulent elections to maintain power from 1933 to 1942 (see Conservative Restoration, 1930-43, ch. 1). After the mobilization of the working class under the Perón government during the late 1940s and early 1950s, Conservatives encouraged military governments as the best means of ensuring that their ideas became government policy. Although Conservative political parties were weak and unstable, individual Conservatives were prominent participants in the military governments led by Juan Carlos Onganía (1966-70), Jorge Rafael Videla (1976-81), and Roberto Viola (1981). In 1985 the major organizations espousing Conservative ideas were the Union of the Democratic Center (Unión del Centro Democrático—UCD), the Argentine Rural Society (Sociedad Rural Argentina—SRA), and part of the Argentine Industrial Union (Unión Industrial Argentina—UIA). Conservative ideas were also prevalent among some military officers (see Political Parties; Business Groups; The Military as a Political Force, this ch.; table B).

Radicalism

When the Conservatives lost control of the country after 1916, they lost it to a new force that had emerged during the 1890s to challenge oligarchical rule. In 1890, as the country plunged into a short but severe economic crisis, an organiza-

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tion led by Bartolomé Mitre, called the Civic Union, tried to overthrow the Conservative government. The revolt ended when Mitre reached an agreement with the government and joined forces with the Conservative Julio Argentino Roca for the 1891 elections. A dissident faction within the Civic Union refused to support the alliance and established the Radical Civic Union (Unión Cívica Radical—UCR) under the leadership of Leandro N. Alem in 1891. The UCR dedicated itself to a nationwide campaign to secure the universal secret ballot for male citizens by all available means, including revolution (see *The Road to Popular Democracy*, ch. 1).

The UCR instigated rebellions in 1893 and again in 1905. When these proved unsuccessful, the party, under the leadership of Yrigoyen, assumed a position of intransigence in relation to the Conservatives. Convinced that UCR participation in elections supervised by the Conservatives would only place the party's stamp of approval on inevitable electoral fraud, Yrigoyen saw to it that the Radicals boycotted all elections before 1912. After the passage of the Sáenz Peña Law, the UCR ran candidates, electing Yrigoyen president in 1916 (see *The Oligarchy, 1880-1916*, ch. 1).

Through the period of intransigence, Radicalism produced no platforms or proposals save general denunciations of the oligarchic nature of Conservative governments and calls for an undefined "national renovation" led by the UCR. In power from 1916 to 1930, Radicalism proved to be considerably less "radical" than the English translation of its name implied.

Before 1912 Radicalism's major difference with Conservatism was that its leaders could not come to power in the absence of free and honest elections. After 1916 it pursued policies that were not markedly different from those the Conservatives had pursued. Radicalism wanted a limited institutional change that would maintain the political power of the landed groups while providing wider opportunities for the middle class. This meant not so much a change in the economic structure as wider access for the middle-class groups to professional and bureaucratic positions.

Radicalism accepted the basic emphasis on export-led economic growth espoused by the Conservatives but modified the notion of a free-market economy to include reforms of the economic system that would distribute the benefits of economic growth to the middle class. It called for an overall increase in the government's role, both in providing basic services to citizens, such as education and public health, and as an economic

actor in the public interest. In 1919 Yrigoyen issued an executive decree nationalizing all petroleum deposits, and three years later he founded the National Petroleum Company. In 1920 Yrigoyen expressed Radicalism's view of the role of the state in the economy: "The state ought to acquire a preponderant position in the industrial activities of the nation in order to respond to the need for services, and in some areas these activities ought to be substituted for the application of private capital." This was a substantial innovation in Argentine political history.

During the first period of Perón's rule (1946-55), Radicalism returned to its emphasis on democratic norms, opposing the Peronist reforms and participating in his overthrow in 1955. Although Radicalism supported the rights of labor unions to organize workers and to strike, it did not envision labor as an integral part of a unified society until the 1960s. Under the leadership of Frondizi, one current of Radicalism rejected the traditional emphasis on relying on agricultural exports as the main engine of economic growth and sought an alliance of labor and domestic industrialists in an effort to industrialize the country. Another, more traditional, wing of Radicalism, under the leadership of Illia, opposed Frondizi's efforts to wed labor to Radicalism and continued its emphasis on the rural sector and the urban middle class. During this period Radicalism continued its emphasis on an increased economic role for the state, not only as an economic partner of domestic industry but also as a promoter of exports. A third group, objecting to the electoral proscription of Peronism by the military, emphasized Radicalism's traditional demand for free and honest elections and refused to participate in public life until that restriction was removed (see *The Liberating Revolution, 1955-66*, ch. 1).

The original supporters of Radicalism were the middle class of Buenos Aires, who identified with the export-import industry and state employment, and medium-sized ranchers in the upper Littoral region. It eventually encompassed the new middle class groups, drawn mainly from the descendants of Spanish and Italian immigrants, professionals, clerks, and small shopkeepers. By the 1960s Radicalism was supported by most merchants and professionals, as well as by some industrialists producing for the domestic market. In 1985 the major groups espousing Radical ideas were the UCR, the Movement for Integration and Development (*Movimiento de Integración y*

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Desarrollo—MID), and the Intransigent Party (Partido Intransigente—PI) (see Political Parties, this ch.).

Nationalism

During the 1920s the prevailing consensus on economic liberalism and export-led growth provoked the development of Nationalism as a political force. There were two main currents of Nationalist thought. The first, dating from the 1920s, grew among militant Roman Catholics concerned about what they described as "the lack of a divinely inspired moral foundation for the governing institutions of society." Although they participated in all governments after 1930, Catholic Nationalists were most prominent during the military governments of the early 1940s, the short-lived government of Eduardo Lonardi in 1955, and the Onganía government of 1966-70.

Originally loath to form political parties, in 1956 the Catholic Nationalists formed the Christian Democratic Federal Union (Unión Federal Demócrata Cristiana—UFDC). When the UFDC received only 2 percent of the vote in the 1957 elections, most of its leaders supported Frondizi in 1958. Many of them were rewarded with posts in the Frondizi administration (1958-62). Forty-six Catholic Nationalists formed the Atheneum (Ateneo) of the Republic in 1962 to serve as a study and pressure group. Many of its members were prominent participants in the Frondizi and Onganía administrations.

The most prominent view expressed by the Catholic Nationalists was their opposition to the political forms of liberal democracy, particularly Congress and the political parties. Their preference was for an authoritarian state organized along corporatist lines, which would incorporate all the various sectors of society into a single, integrated, and peaceful national unity under clerical-military leadership. Organized labor, they felt, should be incorporated under state tutelage as Perón had done, but without Perón.

The Nationalism of the Ateneo emphasized traditional Roman Catholic social values, with a prominent place in social and political affairs reserved for the church; the need for a strong government and an activist state organized along corporatist lines; and its ideological affinity with the Spanish government of Francisco Franco, which it found to be the "highest expression of Hispanic cultural values." Its adherents called for the dissolution of political parties, hierarchical and authoritarian government, the closing of Congress, and a preeminent role

for the armed forces and the church in the administration of public affairs.

The second main current of Nationalism dated from the 1930s and grew among military officers and middle-class intellectuals concerned about the prominent place of foreign, particularly British, companies in the economy and the weakness of the export-dependent economy in the face of the world economic crisis. These Economic Nationalists questioned the country's role in the international division of wealth and labor. They favored a diversification of trade patterns as a supplement to agricultural exports, the expansion of state control over vital sectors of the economy, close supervision of foreign investment, and local industrialization based on the protection of domestic industry from foreign competition. Some Economic Nationalists also pressed for stronger ties with other Latin American countries, regional integration, and a foreign policy of nonalignment. Economic Nationalists were most prominent during the first Perón administration and the Frondizi administration.

A more extreme form of Nationalism, which evolved during the 1970s, drew on neo-Marxist thought. It was more overtly anti-imperialist, often overtly anti-United States, and sought basic structural changes in global trade and monetary relations. It also promoted a nonaligned foreign policy and emphasized Argentina's natural identification with the Third World.

In 1985 the major proponents of Nationalist thought included some factions within the Justicialist Party (Partido Justicialista—PJ), the UCR, the MID, and part of the UIA. Economic Nationalism's most prominent proponent, however, was the MID, but its views were also reflected among some factions of the UCR and among some air force officers. The principal proponents of extreme Economic Nationalism were a faction of the PJ, led by Vicente Leonidas Saadi, called the Intransigence and Mobilization Movement (Movimiento de Intransigencia y Movilización—MIM), the PI, and a number of Marxist parties (see Political Parties; Business Groups; and The Military as a Political Force; this ch.).

Peronism

In 1943, when Generals Arturo J. Rawson and Pedro Pablo Ramírez overthrew president Ramón S. Castillo, one of the officers who supported the coup was Colonel Juan Domingo

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Perón. Later in 1943, when Ramírez replaced Rawson as president, Perón again supported the coup and received the relatively minor post of secretary of labor and social welfare. From that office Perón, with the help of his future wife Eva Duarte, organized a powerful political machine based on organized labor that catapulted him to the presidency in 1946. The movement created by Perón and the policies pursued by his government from 1946 until his overthrow by the military in 1955 produced perhaps the most fundamental cleavage in the country's history, dividing Argentines into those who were strong supporters of Peronism and those who were implacably opposed to it.

Despite this fundamental cleavage between Peronism and anti-Peronism, there was little agreement among analysts or among Argentines about what Peronism was. All agreed that it was a mass movement, but few could agree on its exact nature. For some it was a working-class movement seeking social justice; for others it was a multiclass alliance seeking industrialization or a revolutionary movement seeking a transformation of the economy and society toward socialism; and for still others it was a political machine designed to further the personal political and financial ambitions of Perón. Regardless of its true nature, however, it was clear that from 1943 through the 1970s Peronism was supported by a clear majority of the population. The movement won every free election in which it was allowed to run between 1946 and 1976. The first time it lost an election was in 1983, when it was defeated by the UCR's Alfonsín.

Expressed in the doctrine of Justicialismo (Fairness), Peronism incorporated several preexisting strains of political thought and added some new ones. Fundamental to Peronism was an emphasis on the conciliation of the country's social classes. Perón was concerned that unorganized workers could exacerbate societal conflicts to the point of revolution. Thus the Peronist approach was to organize the working class in order to preclude its independence and simultaneously to provide social justice to alleviate its most pressing grievances. During Perón's first period of rule, this was accomplished by making all associations of labor and capital dependent on the state. During his second administration (1973-74) this was to be accomplished by getting business and labor groups to agree to a "social pact for national reconstruction" negotiated under government sponsorship.

Peronism created a corporatist state in which each of the

interests in society was to be represented by a single, state-sponsored, and state-controlled association. Toward that end, Perón created the General Confederation of Labor (Confederación General de Trabajo—CGT) to represent the unions; the General Economic Confederation (Confederación General Económica—CGE) to represent businessmen; the General Confederation of Professionals (Confederación General de Profesionales—CGP); the General University Confederation (Confederación General Universitaria—CGU) to represent students, faculty, and administrators; and even a corporate organization of high school students, the Union of Secondary Students (Unión de Estudiantes Secundarios—UES).

Peronism also advocated the building of a self-reliant economy based on domestic production for domestic markets. This involved providing credit for the manufacturing industry at the expense of the agricultural sector, restricting imports, and protecting domestic industry with high tariffs. This approach also involved trying to reduce the role of foreign investors by restricting their activity, purchasing foreign-owned companies, and nationalizing basic economic resources.

The original support for Peronism came from a number of disparate groups: new industrialist groups that had emerged as a result of the *de facto* economic protection caused by the trade disruptions accompanying World War II and that were threatened by the probable return to export-based policies at the end of the war; parts of the military interested in industrialization as an aspect of national power; a new working class of migrants from the interior provinces who came to work in the industrial centers of Rosario, Córdoba and, most important, Buenos Aires and its suburbs; and the middle class of the less developed interior provinces. With Perón in power from 1946 until 1955, virtually all of the old working class of the export industries deserted their socialist leadership and rallied behind Perón. Owing to the efforts of Eva Duarte de Perón, women rallied behind Perón following their enfranchisement in 1947. Finally, with the expansion of state, a large group of white-collar government workers was added to the coalition.

After 1955 much of Peronism's middle-class and industrialist following joined Illia's Intransigent Radical Civic Union (Unión Cívica Radical, Intransigente—UCRI) and Frondizi's People's Radical Civic Union (Unión Cívica Radical del Pueblo—UCRP), leaving Peronism a more purely working-class movement. It retained the support of important middle-class groups, however, particularly that of white-collar government

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workers in Buenos Aires, some industrial groups that had profited from the economic protection measures employed by Peronism, and much of the provincial middle class.

During the 1960s a division emerged within Peronism between the union leadership, who demanded the return of Perón from exile, and a group of neo-Peronist leaders in several of the interior provinces, who were more willing to reach an agreement with the governments of Frondizi and Illia. The neo-Peronists even spoke of a "Peronism without Perón."

After the 1969 riots in the interior city of Córdoba (commonly known as the Cordobazo) against the military government of Onganía, a more basic cleavage emerged within Peronism between the union sector of the movement and the increasingly radical youth sector. A number of urban guerrilla movements were formed in the late 1960s and early 1970s—some within Peronism, such as the Montoneros and the Peronist Armed Forces (Fuerzas Armadas Peronistas—FAP), and others outside of it, such as the People's Revolutionary Army (Ejército Revolucionario del Pueblo—ERP). In the early 1970s the guerrilla left changed its tactics, ceasing its struggle to replace Peronism and instead seeking to take over the Peronist movement. For the guerrilla left, infiltrating Peronism meant inclusion in the Peronist coalition but rejection of the Peronist orientation toward class conciliation. In addition, the Peronist Youth (Juventud Peronista—JP) was formed in 1972, largely out of the university-oriented Argentine Youth for National Emancipation (Juventud Argentina por la Emancipación Nacional—JAEN). To the union leaders, a Peronist election victory was first a means of attaining greater political power and, second, a means of raising the standard of living of their union members. To the JP, the Montoneros, the FAP, and the ERP, Perón's election was to be the beginning of a socialist revolution (see *The Argentine Revolution, 1966-72*, ch. 1).

With Perón's return to power in 1973, Peronism tried to reincorporate the elements of the old coalition and include new revolutionary elements as well as military leaders and businessmen interested in stability. After Perón's death in 1974, maintaining this coalition proved an impossible task for his successor, María Estela (Isabel) Martínez de Perón, as the country sank into a multisided guerrilla war. Under the military governments that followed, Peronism retained the support of most organized labor but lost that of most of the middle class and the military. The guerrilla threat was largely eliminated by the military between 1976 and 1978. In 1985 Peronism was

represented primarily by the CGT and the Justicialist Party (Partido Justicialista—PJ), both of which were riven with internal factions (see Political Parties; Labor Groups, this ch.). Nevertheless, Peronists clung to their traditional belief that they were the country's only legitimate rulers.

Institutional Actors

Political Parties

The political party system was unstable and unable to serve as a major support for the consolidation of liberal democracy. The dominant characteristics of most parties were factionalism and personalism. Cohesion and effectiveness depended on a strong leader, in the absence of which local and personal political organizations were often stronger than the national party. Individual parties almost always had the province, not the nation, as their fundamental reference point. By and large, the major parties did not have distinctive policies, and divisions between the parties and among intraparty factions were based on personalities as much as or more than on ideology.

The organizational instability of the party system was reflected in the fact that although some seven to 10 parties typically contested national elections prior to the early 1950s, at least 150 separate parties took part in the elections held between 1955 and 1965. At the time of the 1966 coup, there were three separate Radical parties, four Socialist parties, at least a dozen Peronist and neo-Peronist parties, and perhaps 20 Conservative parties. Although nine parties and coalitions contested the 1972 elections, only the UCR and the PJ had a formal organization in every province. Fifteen parties contested the 1983 elections, 13 of which ran presidential candidates.

The fluid nature of the political parties contributed to the weakness of liberal democratic institutions. Most parties were little more than electoral machines designed to further the political ambitions of their leaders. Their goal was to gain control of the executive branch; once that was accomplished, parties served little purpose. Only rarely did a government party play an important role in policy formation. There was little incentive for opposition parties to support the government because patronage and participation in policymaking came solely from control of the executive branch. Therefore, weak-

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ening the president as much as possible was the major preoccupation of opposition parties. By impeding the president's program, opposition parties could hope to precipitate a political crisis, which might increase their chances of acquiring the presidency either in new elections or perhaps as the result of military intervention. Even the strongest parties, the UCR and the PJ, were sufficiently strong to win elections but not strong enough to find solutions to political crises such as those of 1930, 1943, 1955, 1962, 1966, and 1975-76, all of which were resolved through military intervention.

Parties were suspended and party activity banned after the 1976 military coup. After President Videla announced in 1979 that political parties would soon be allowed to function again, the parties gradually reconstituted themselves. In 1982 the Bignone government promulgated the Organic Law of the Political Parties, which still governed the organization and recognition of political parties in 1985 (see Elections, this ch.).

The Right

Although they uniformly referred to themselves as centrist parties, a large number of small parties representing traditional Conservative views were clearly on the right of the party system (see Conservatism, this ch.). In the 1983 elections the right was grouped in two coalitions: the Union of the Democratic Center (Unión del Centro Democrático—UCD) and the Federal Alliance (Alianza Federal—AF).

The UCD was formed in 1982, bringing together the two old-line Conservative parties, the Democratic Party (Partido Demócrata—PD) and the Federalist Party of the Center (Partido Federalista del Centro—PFC), with the Republican Union (Unión Republicana—UR), a personal vehicle for Álvaro Alsogaray that had been formed earlier in 1982. Alsogaray became the presidential candidate of the UCD in the 1983 elections.

The UCD was tiny, not having officially registered members, but was disproportionately powerful, particularly in international banking circles. It attracted the support of many among the upper middle-class and Conservative intellectuals and functioned primarily as a vehicle for spreading Alsogaray's monetarist views. It was committed to dismantling state intervention in the economy, preferring the free market as the best mechanism for distributing resources.

The AF was an electoral alliance formed in 1983 among the Federal Party of Francisco Manrique, the Autonomist Par-

ty, the Popular Line movement, the Popular Federalist Force, and the Democratic Concentration, a Tucumán-based group that was itself a coalition of nine other parties. Most of the leaders of these parties had also been involved in an attempt to unite the large number of federalist parties into a coalition called the Federal Popular Alliance (Alianza Popular Federalista—APF), which had run Manrique for president in 1973.

The AF shared the UCD's antistate bias but was considerably less doctrinaire in its commitment to the free market, wanting government aid to the provinces to assist in increasing the living standard of the provincial middle class. Its hallmark, however, was its call for an increase in the autonomy of the provinces in relation to the federal government.

Winning only 80,000 votes in the 1983 elections, the AF virtually disappeared from public view after the defection of the Democratic Concentration. Many of its constituent parties, however, remained important in several interior provinces.

The Center

Five main parties composed the center of the party system—the Movement for Integration and Development (Movimiento de Integración y Desarrollo—MID), the Democratic Socialist Alliance (Alianza Demócrata Socialista—ADS), the Radical Civic Union (Unión Cívica Radical—UCR), the Justicialist Party (Partido Justicialista—PJ), and the Christian Democratic Party (Partido Demócrata Cristiano—PDC). The MID and the ADS were generally more conservative than either the UCR or the PJ. By accepting an activist state in the economy, however, both were clearly closer to the centrist parties than to the Conservative right. The PDC occupied a position slightly to the left of both the UCD and the PJ.

The ADS was the product of an alliance between the Progressive Democratic Party (Partido Demócrata Progresista—PDP) and the Democratic Socialist Party (Partido Socialista Democrática—PSD). The PDP was a moderate, somewhat anticlerical party that had long sought to represent the interests of small farmers in the interior provinces and was strongest among intellectuals and professionals in Santa Fe Province. The PSD was a 1959 offshoot of the Socialist Party (Partido Socialista—PS). Despite its origins, the PSD was a comparatively conservative party. Both the PDP and the PSD had participated in several coalitions with the right during their history, and several of their leaders occupied positions in the 1976-

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83 military governments. The ADS polled some 92,000 votes in the 1983 elections.

The MID was largely a personalist party devoted to the ambitions of former President Arturo Frondizi, originally a member of the UCR. When the UCR nominated Frondizi for president in 1956, a faction led by Ricardo Balbín, objecting to Frondizi's desire to form an alliance with the Peronists, broke away from the UCR and formed the UCRP. Frondizi reconstituted the remaining Radicals as the UCRI and went on to win the 1958 elections. After his overthrow in 1962, Frondizi continued his alliance with the Peronists, but when Perón designated a mediocre candidate for the alliance in 1963, a faction of the UCRI broke away from the alliance under the leadership of Oscar Alende, who ran for the presidency himself. As a result of a court decision, the Alende faction was permitted to retain the name Intransigent, forming the Intransigent Party in 1963. Frondizi regrouped his followers as the MID.

In addition to the reintegration of Peronism into political life, the MID traditionally pressed for total industrialization based on the creation of heavy industry. Its proposals included free convertibility of the currency, loans from the International Monetary Fund (IMF—see Glossary), and the welcoming of foreign investment, particularly in petroleum development. The party attracted many young professionals; it had approximately 140,000 members in 1983.

The PJ, together with the unions, formed the organizational basis of the Peronist movement (see Peronism; Labor Groups, this ch.). Formed to contest the 1973 elections, which returned Perón to power, the party was the successor to a large number of parties that grew within Peronism between 1955 and 1973. Between the 1976 coup and the election of new party officers at the party's July 1983 convention, the PJ was directed by a national committee made up of legislators and cabinet members who had served in the 1973 government. Beneath the party's national committee, however, its membership was divided into several factions: an official and traditional group of political leaders loyal to Isabel de Perón and led by Deolindo Bittel, with the support of Italo Luder, Federico Robledo, and Raúl Matera; a smaller group of provincial leaders; two union groups led by Lorenzo Miguel and Saúl Ubaldini; and a social democratic group emphasizing intransigence toward the military government and linked to the Peronist Youth (Juventud Peronista—JP), led by Vicente Saadi.

As the process of liberalization leading to the elections of

1983 proceeded, the various factions within the PJ competed for control of the party. The union leadership was concerned about preserving the political power of the unions within the broader Peronist movement. They, together with other leaders loyal to Isabel de Perón—known as the “verticalists”—tried to establish their control over the party at the expense of the more moderate “antiverticalists,” many of whom were from interior provinces and wanted to democratize and institutionalize the internal functioning of the party.

The verticalists gained control of the party apparatus in internal party elections in July 1983, which enabled them to control the selection of the party's leadership and candidates for the 1983 elections. At the party congress in September 1983, prominent verticalists, such as Herminio Iglesias, the party leader in Buenos Aires Province; Miguel, the leader of the 62 Peronist Organizations (the political wing of the verticalist union leaders); and Luder, the former president of the Senate during the 1973 government, were confirmed as the party's leadership. Isabel de Perón was confirmed as the titular head of the party, and Miguel became the party's first vice president. The leadership decided on Luder as presidential candidate with Antonio Cafiero as his running mate. The union leadership, however, refused to accept Cafiero and replaced him with Iglesias. Many of the party's candidates for the Senate and the Chamber of Deputies also came from Miguel's 62 Organizations. As a result, the PJ went into the 1983 elections as a divided party.

The PJ's defeat in the 1983 elections caused a major reexamination of the role of the party. The verticalists moved to strengthen the unions, preferring to adopt a position of intransigence toward the Alfonsín government, while the antiverticalists preferred to play the role of a loyal opposition. Ironically, the antiverticalists were strengthened by the party's defeat. The poor showing of the PJ in the traditional Peronist base of support in the industrial areas of Buenos Aires Province was balanced by its victory in 11 interior provinces, where the antiverticalists were stronger. These results gave the antiverticalists a strong voice in the PJ's congressional delegation as well as in the provincial party organizations.

When the party suffered a second defeat by failing to gain sufficient support for its position in the referendum on a proposed treaty with Chile in November 1984, the antiverticalists decided to try to replace the party's trade union leadership. At the party's 1984 congress, held in the Odeón Theater in Bue-

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nos Aires, the verticalists packed the hall with their supporters, refusing to seat many antiverticalist delegates—particularly union leaders opposed to Miguel and representatives of student groups. The verticalists then confirmed Isabel as party president, Iglesias as secretary general, and Miguel as first vice president. More than 400 of the 640 delegates, including 10 governors, 20 of the party's 21 senators, and 79 of its 111 deputies, walked out in protest and held their own congress in Río Hondo, where they voted to expel Iglesias and Miguel.

The two factions, known as the Odeón faction and the Río Hondo faction, took their dispute to the courts to contend for the legal leadership of the party. The Odeón faction, in particular, requested that the electoral courts order a new congress to decide the issue. When it refused to intervene, the case was appealed. Meanwhile, Miguel shored up his position by broadening the support of the 62 Organizations within the labor movement, and Iglesias and Oraldo Britos, the leader of the Río Hondo faction, began discussions mediated by Saadi of the party's left wing. In May 1985 the two factions agreed to continue discussions based on not calling a third congress, accepting whatever decision was made by the courts, and holding internal party elections in all districts where they had not yet been held. This dispute severely weakened the party's ability to present a coherent opposition to the Alfonsín government. In July 1985, however, the party leadership downplayed their dispute to present a united front in the elections scheduled for November 1985 (see *The Radical Government of Raúl Alfonsín*, this ch.).

The UCR succeeded the old UCRP formed by Ricardo Balbín, who had opposed Frondizi's attempt to forge an electoral alliance with the Peronists in the 1958 elections. Although Frondizi's UCRI won the 1956 elections with Peronist support, the UCRP remained staunchly opposed to an accommodation with Perón and elected Illia president in 1963 with only 26 percent of the popular vote. After Illia's overthrow by Onganía in 1966, the UCRP continued its opposition to Perón and thus, in effect, supported Onganía. In the 1973 elections the party, having changed its name to the UCR, participated with several right-wing parties in an electoral alliance known as the Revolutionary Popular Alliance (*Allianza Revolucionaria Popular—ARP*). The ARP's presidential candidate was Balbín, who was roundly defeated by Perón.

Balbín remained opposed to Perón after 1973 and ultimately supported the 1976 military coup. In the early 1980s

Balbín resisted joining with other parties in a group known as the Multiparty Commission (Multipartidaria), which sought to coordinate opposition to military rule and lobbied for a return to civilian rule via elections, preferring to try to make a separate arrangement between the UCR and the military. After Balbín's death in September 1981, the UCR's internal factions competed for control of the party.

The three main national-level factions within the UCR were the National Line (Línea Nacional—LN), led by Carlos R. Contín, Juan Carlos Pugliese, and Fernando de la Rúa, which controlled the party machinery; the Yrigoyenist Affirmation Movement (Movimiento de Afirmación Yrigoyenista—MAY), led by Luis León; and the Movement of Renovation and Change (Movimiento de Renovación y Cambio—MRC), led by Raúl Alfonsín. There were also a number of provincial factions.

The MRC had long been the principal alternative within the UCR to the Balbín group. Seeking to project a younger, more dynamic image, Alfonsín unsuccessfully challenged Balbín for the UCR leadership in 1972, and he and the MRC were subsequently ostracized from party affairs. After Balbín's death, Alfonsín again tried to take over the party, unsuccessfully proposing Illia for the party presidency in opposition to Contín of the LN at the UCR's 1982 congress.

As the 1983 elections approached, Alfonsín formed an alliance with Víctor Martínez, leader of the UCR organization in Córdoba, and ran in a series of primaries in several provinces. After several victories it became clear that Alfonsín would gain the UCR presidential nomination. The LN, unsuccessful at the polls, tried to convince Alfonsín to accept de la Rúa as his running mate, but he refused. The Alfonsín/Martínez ticket won the 1983 elections with 52 percent of the popular vote and 317 electoral votes after a campaign that emphasized firm opposition to the military government and verbal attacks on the trade union leadership of the PJ.

Despite Alfonsín's victory, the UCR remained divided internally. Although supporting Alfonsín's policies, many in the party were concerned about what they perceived as the growing influence of the Radical Youth (Juventud Radicalista), which urged Alfonsín to greatly increase the role of the state by nationalizing basic industries and banking. In addition, many LN and MAY leaders were concerned about the effects of Alfonsín's efforts to deal with the country's economic crisis (see *The Radical Government of Raúl Alfonsín*, this ch.).

Another centrist party, the PDC, was formed in 1983 from

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the remnants of the Christian Democratic Party that had been founded in 1956 by a group of progressive Roman Catholics who wanted to break with the conservatism of the Roman Catholic hierarchy and the old Catholic Nationalists. During the 1960s the first Christian Democratic Party never received more than 5 percent of the vote, but it did elect a few deputies in 1963 and 1965. Most of its votes came from upper and upper middle-class women. The party initially supported the Onganía government (1966-70), providing several officials at both the national and the provincial levels. Six months after Onganía took office, however, the party broke with the government over its economic policies, and the party virtually disintegrated. In 1973 several of the original members formed two separate parties: the Christian Popular Party (Partido Popular Cristiano—PPC), which joined the coalition that elected Perón, and the Christian Revolutionary Party (Partido Revolucionario Cristiano—PRC), which joined a more leftist alliance. Both the PPC and the PRC disappeared after the military coup of 1976. In 1983 the PDC had some 68,000 members and elected one deputy to the Chamber of Deputies.

The Center-Left

Three parties were considered to be center-left: the Intransigent Party (Partido Intransigente—PI), the Argentine Communist Party (Partido Comunista Argentina—PCA), and the Popular Socialist Party (Partido Socialista Popular—PSP). None did well in the 1983 elections, but many analysts suggested that they might do better in subsequent elections, owing to their large following among university students.

The PI was formed in 1963 when the UCRI split. Its leader, Alende, finished second in the 1963 presidential elections, with some 17 percent of the popular vote. In the 1973 elections, however, it received only 7 percent in the first round and then joined the PRC in forming the Revolutionary Popular Alliance (Alianza Revolucionaria Popular—ARP) for the second round. After 1976 the party moved to the left, defining itself as a social democratic, non-Marxist movement. In the 1983 elections the PI won 2.5 percent of the vote, electing three deputies on a platform that called for restrictions on multinational corporations and the nationalization of banking. In 1985 it was reported to be gaining support in Buenos Aires Province, particularly among university students and within the journalists' union.

The PCA was formed as a breakaway from the old Socialist Party (Partido Socialista—PS) in 1918. The PCA was revolutionary during the 1920s, when it gained a considerable following among labor unions. As a result, it was outlawed and its leadership repressed. During the 1940s and early 1950s, the PCA lost the labor unions to the Peronists but retained some following among intellectuals and other members of the middle class who were attracted by its wide network of social and cultural institutions. In 1966 the party was declared illegal by the Onganía government, and most of its institutions were destroyed. The PCA emerged again in 1972 and joined the ARP for the 1973 elections. During this period it evolved into a reformist party, which particularly condemned the guerrilla activity of the 1970s. As a result, the PCA was allowed to function during the military governments of 1976 to 1983. In the 1983 elections its 76,000 members supported the PJ's presidential and gubernatorial tickets but ran their own candidates for the Chamber of Deputies and municipal councils. They received less than 2 percent of the vote.

The PSP was founded in 1978 and unsuccessfully proposed the creation of a national front with the PJ. It called itself a "popular, revolutionary, and anti-imperialist" party but did not appear to have many adherents outside intellectual circles. In 1985 it had some 60,500 members.

The Left

In 1985 there were about 13 parties on the left of the party system, most of them formed after 1982. The repression of the late 1970s decimated the ranks of the revolutionary left, leaving the party in a state of disarray from which it had not recovered in mid-1985. With few exceptions, the parties of the left had small memberships and little influence outside intellectual circles.

Three leftist parties participated in the 1983 elections. The Popular Left Front (Frente de Izquierda Popular—FIP), formed in 1973, was vaguely Trotskyist in orientation but supported most of the policy proposals of the PJ. It was one of the few parties that openly advocated a second attempt to recover the Falkland/Malvinas Islands by armed attack. Despite its Trotskyist rhetoric, the FIP did not accept the doctrine of class struggle and did not advocate the socialization of the means of production. In the 1983 elections the FIP endorsed the PJ's candidate, Luder, for the presidency but ran its own candi-

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dates for other offices. It received less than 0.1 percent of the popular vote.

The Workers' Party (Partido Obrero—PO) was the political wing of the Workers' Politics (Política Obrera), a Trotskyist organization formed in 1968. In 1983 it claimed some 70,000 members who advocated replacing the existing armed forces by a people's militia that would enjoy full trade union rights. In addition, the PO advocated total socialization of the means of production. Although it received less than 1 percent of the vote in 1983, the party remained active, particularly on the fringes of the labor movement, and was reportedly influential among autoworkers.

The Movement to Socialism (Movimiento al Socialismo—MAS) grew out of the Socialist Workers' Party, which had been formed in 1971. In 1983 the party claimed a membership of 55,000 but received less than half that many votes in the 1983 elections. Reportedly, it was also active among dissident trade unions, particularly in the transport unions. In 1985 the MAS attracted attention by holding several rallies to denounce the economic policy of the Alfonsín administration and by opposing the Peronist labor union bureaucracy, accusing both of being in the hands of "North American imperialism."

Business Groups

The Argentine Rural Society (Sociedad Rural Argentina—SRA) was the most influential agricultural group. Founded by cattle ranchers in 1866, it controlled most aspects of government economic policy well into the 1930s (see *The Oligarchy, 1880-1916*, ch. 1). Always considered an exclusive organization, its membership included only some 10,000 members in 1985. The SRA, representing the country's largest and wealthiest producers, favored an economic policy based on free trade and the promotion of exports and opposed all industrial development and an activist state role in the economy.

The Argentine Rural Confederation (Confederación Rural Argentina—CRA) was organized in 1943 to represent the interest of cattle breeders. CRA membership was larger than that of the SRA but was not as influential. The CRA generally promoted free trade policies and increased agricultural exports but also demanded government aid to small and medium-sized farmers and ranchers. Although the CRA often disagreed with some of the specific policy proposals of the SRA, the differ-

ences between the two organizations generally appeared insignificant outside the cattle industry.

From 1979 through 1985, both the SRA and the CRA were vocal critics of government economic policies, particularly that of maintaining an overvalued exchange rate and failing to control inflation. In 1985 the CRA organized protests among farmers and ranchers against government economic policies, including that of withholding grain shipments to Buenos Aires.

There were a large number of industrial and commercial groups. In 1985 the most important industrial group was the Argentine Industrial Union (Unión Industrial Argentina—UIA), which was formed under military tutelage in 1977 as the successor to the original UIA and encompassed the old General Economic Confederation (Confederación General Económica—CGE). The original UIA was founded in 1887 and had represented most industrialists until it was closed by Perón in 1946. Perón favored the CGE, making it the official representative of business interests. The UIA was legalized again in 1955 and competed with the CGE for power and influence until 1976.

The UIA traditionally represented larger domestic firms, primarily those oriented toward the international economy, and many local subsidiaries of multinational corporations. It favored restrained fiscal and monetary management, deregulation, and the use of government authority to make labor more subservient to management. Denouncing the CGE as "an authoritarian organization that naively advocated the ruinous subsidization of inefficient domestic industries," the UIA joined other groups in 1960 to form the Coordinating Action of Free Business Institutions (Acción Coordinadora de Instituciones de Empresa Libre—ACIEL), an anti-Peronist coalition that campaigned vigorously against government acceptance of CGE policy proposals. The SRA and the Argentine Chamber of Commerce (Cámara Argentina de Comercio—CAC), the umbrella organization for a large number of local chambers of commerce, were also members of the ACIEL.

The CGE was founded in 1951 to represent smaller firms. Its membership included the vast majority of firms, most of which were oriented toward the domestic market and had prospered under the *de facto* economic protection that accompanied World War II. It favored state promotion of economic growth through expansionary fiscal and monetary policies and high tariffs to protect domestic industry from foreign competi-

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tion. It was particularly opposed to IMF stabilization measures, which it felt led to economic recession, the bankruptcy of many firms, and the takeover of domestic industry by foreign investors. The CGE also pressed for the direct involvement of business and labor in an economic and social council that would participate in economic policymaking.

The CGE was most influential during the first Perón government. After 1955 it suffered a dramatic decline in power until 1973, when it became the official representative of the business community. Both the UIA and the CGE were placed under military administration in 1976. The military reorganized the UIA in 1977 and took over the assets of the CGE the following year. Although the reconstituted UIA included virtually all firms in its membership, the conflict between the two groups of industrialists was expressed within two of its subsidiary organizations, the Argentine Industrial Movement (Movimiento Industrial Argentino—MIA) and the National Industrial Movement (Movimiento Industrial Nacional—MIN). The MIA represented most of the constituency of the original UIA, while the MIN included most of the membership of the old CGE.

Labor Groups

The first labor organizations were mutual aid societies established along ethnic lines by Italian and Spanish immigrants in the early 1850s. The first formal labor union, the Buenos Aires Printers' Society (Sociedad Tipográfica Bonaerense), was established in 1857. During the 1870s and 1880s a number of anarchists and socialists came to the country from Europe and soon formed a number of labor organizations that expressed a wide—often competing—variety of ideological currents (see *The Road to Popular Democracy*, ch. 1).

The Argentine Regional Federation of Workers (Federación Obrera Regional Argentina—FORA) was formed in 1890 by socialists but was taken over by anarchists in 1901. The revolutionary socialists then founded the General Workers' Union (Unión General de Trabajadores—UGT), while the reform socialists formed the Argentine Workers' Confederation (Confederación Obrera Argentina—COA). The Argentine Syndicalist Union (Unión Sindical Argentina—USA) was founded by syndicalists in 1905. In 1909 the UGT was subsumed in a new socialist organization, the Regional Confedera-

tion of Argentine Workers (Confederación Obrera Regional Argentina—CORA).

The anarchist FORA was the major federation during this early period, but after 1910, largely owing to government repression, the anarchists lost the labor movement to the syndicalists. At its ninth congress in 1915, FORA split into two factions, reflecting the division between anarchists and syndicalists. One faction renounced anarchism and joined with CORA to form FORA-IX, taking its name from FORA's ninth congress. The other faction, remaining loyal to the anarchist resolutions of FORA's fifth congress, called itself FORA-V.

The syndicalists remained in control of the labor movement until the mid-1930s. In 1930 the USA and COA merged to form the General Confederation of Labor (Confederación General de Trabajo—CGT). In 1935 socialists and communists took over the CGT, and many of the syndicalist leaders reconstituted the USA. Few unions joined them, however. After 1935 the socialists and the communists competed for control of the CGT, leading to its bifurcation in 1942. The socialist CGT, known as CGT No. 1, sought to use the Socialist Party as the political vehicle for the CGT. The communist CGT, known as CGT No. 2, however, preferred to form an independent party to represent the unions. After the 1943 military coup, the CGT No. 2 was dissolved by government decree and its leadership arrested. In 1945 the unions that had been affiliated with it were reincorporated under government auspices into CGT No. 1, which reverted to its original name, the CGT.

Under Perón's sponsorship, first from his position as secretary of labor and social welfare from 1943 to 1945 and then as president from 1946 to 1955, the socialists and the communists were largely eliminated from the CGT leadership, and the CGT became the only officially recognized labor confederation. Under the 1945 Law of Professional Associations, government recognition was required for a union to have the right to bargain collectively, to strike, or to appeal to a labor court. In addition, the law recognized only one union per industry and one national labor confederation. Union membership was greatly expanded, from 529,000 in 1945 to over 2.2 million in 1954, and wages, fringe benefits, and working conditions improved appreciably. As a result, the CGT became a principal support base for Peronism (see *National Revolution, 1943-46; Argentina under Perón, 1946-55*, ch. 1).

After Perón's fall in 1955, the military intervened in the CGT and its constituent unions, replacing Peronist leaders

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with military officers. When internal union elections were held in 1956, a number of tendencies emerged that became known by the number of union elections they won. The 62 Organizations, which included most of the blue-collar unions, was led by the Peronists; the Group of 19 was led by communists; and the 32 Democratic Unions, made up mostly of white-collar unions, was led by noncommunist but anti-Peronist social democrats and Radicals. In 1960 the Group of 19, which by then had been reduced to only six small unions, reconstituted itself as the Movement of Labor Unity and Coordination (Movimiento de Unidad y Coordinación Sindical—MUCS). That same year most of the constituent unions of the 32 Democratic Unions joined a newly formed sector known as the Independents.

The CGT was reconstituted in 1963 with the Commission of 20 (equally divided between representatives of the 62 Organizations and the Independents) as its leadership. Neither the MUCS nor what remained of the 32 Democratic Unions was represented. The leadership of the 62 assumed effective control of the CGT but soon became divided over the position that the Peronist unions should adopt toward the government. An orthodox faction, led by José Alonso, violently opposed the Frondizi, José M. Guido, and Illia administrations and demanded the immediate return of Perón from exile. A participationist faction, led by Augusto Vandor, favored negotiation with the government while publicly maintaining loyalty to Perón.

In 1964 the CGT, under Alonso's leadership, launched a series of violent strikes designed to force Perón's return. As a result, the Independents withdrew from the CGT. Two years later Vandor gained control of the CGT, and the orthodox faction withdrew. Later, in 1966, both the Independents and the orthodox faction returned to the CGT, but the organization remained under the control of the participationists. At the time of the 1966 coup, roughly 70 percent of the organized labor force belonged to the Peronist unions. Some 15 percent of these were nonaligned, and most of the rest were evenly divided between Vandor's 62 and Alonso's orthodox factions. The MUCS had three or four small unions with perhaps 2 percent of the CGT membership. The remaining members were Independents.

The CGT split again after the 1966 coup. The participationist CGT—now named the CGT-Azopardo after the street on which its headquarters was located, though still led by Vandor—favored at least some cooperation with the govern-

ment. The oppositionist CGT reconstituted itself in 1968 as the CGT of the Argentines (also now named the CGT-Paseo Colón after the street on which its headquarters was located) under the leadership of Raimundo Ongaro. The Onganía government recognized the CGT-Azopardo and appointed government officials to run the CGT of the Argentines, although it continued to operate independently. In May 1969, rioting, largely organized by members of the CGT of the Argentines, broke out in Córdoba and soon spread to other cities. The conflict within the labor movement became increasingly violent. Vandor was murdered in June 1969, and Onganía quickly replaced the leadership of the entire CGT. The violence continued, however, leading to Ongaro's murder in 1970.

The CGT again reunited following the inauguration of Perón in 1973. After a short honeymoon between the CGT and Perón, strikes broke out again. In September more murders among the CGT leadership caused a general strike, government repression, and open warfare between the Peronist right and left.

After the 1976 coup the leader of the CGT and the major unions were arrested, and new officials were appointed by the government. Many union leaders "disappeared" in the repression that followed the coup. However, most unions reorganized under new leadership. By 1978 three major groups had emerged within the labor movement: the National Labor Commission (Comisión Nacional de Trabajo—CNT), consisting of unions seeking an accommodation with the military; the Committee of 25, made up of Peronist unions whose leadership survived the military purge; and the CGT, cleansed of its former leadership and operating illegally. A fourth group, the Labor Action Committee (Comité Gestión y Trabajo—CGYT), although part of the CNT, operated independently of its leadership on many issues. Finally, the Group of 20, a collection of independent unions, was formed.

In 1979, following the government's announcement that it would soon promulgate a new labor law, labor leaders began jockeying for position within the labor movement. The CNT and the Committee of 25 joined to form the Only Vehicle of the Argentine Workers (Conducción Unica de los Trabajadores Argentinos—CUTA), although the CNT and the Committee of 25, which then became known as the Group of 25, continued as separate organizations within the CUTA. The CNT began to lose member unions that were dissatisfied with the leadership's preference for negotiations with the government to more com-

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bative associations. The CUTA's leadership continued to press the government for recognition.

In December 1979 the military promulgated its labor law. National union confederations were declared illegal, although factory and regional-level organizations were permitted. The law also required that union officials be elected by their membership to three-year terms that could only be renewed once. The social services that the unions had administered prior to 1976 would be retained by the state, and the closed shop was abolished. Unions were also barred from taking part in political activity.

Another series of reorganizations within the labor movement followed the promulgation of the labor law, which the government moved to implement in selected unions. In 1980 the CUTA broke up, with the CNT joining the independent Group of 20 to form the CNT-20 and the Peronist Group of 25 reconstituting itself as the CGT-Brasil under the leadership of Miguel. The remnants of the former CGT then became known as the CGT-Azopardo.

In 1983, as the country moved toward civilian rule, a unified labor movement was reestablished. The CGT-Brasil and the CNT-20 merged to form the General Confederation of Labor of the Argentine Republic (*Confederación General del Trabajo de la República Argentina—CGT-RA*); the Group of 25, the Group of 20, the CGYT, and a collection of unions that called itself the Nonaligned faction operated within it. In October 1983 the CGT-Azopardo joined the CGT-RA in reestablishing the CGT, which at that time had five internal factions: the Group of 20, the Group of 25, the CGYT, the Nonaligned, and a non-Peronist group that called itself the Independents.

After the inauguration of Alfonsín in December 1983, relations between the CGT and the government were difficult. In 1984 the Alfonsín government made an unsuccessful attempt to reorganize the labor movement, and there were numerous strikes and demonstrations organized by many of the constituent organizations of the CGT against the government's economic policies. In June 1985 the government recognized the CGT for the first time since 1976 and allowed it to return to its national headquarters building (see *The Radical Government of Raúl Alfonsín*, this ch.).

The Military as a Political Force

The first military government in the twentieth century

ruled the country from 1930, when Hipólito Yrigoyen was overthrown by a military conspiracy led by General José F. Uriburu, until 1932, when Uriburu oversaw fraudulent elections that were won by General Agustín P. Justo. Since then the military has played a major role in politics, acting, for most of the period from 1930 through 1983, like a political party with guns. In those 53 years six civilian governments were overthrown by the military (see Conservative Restoration, 1930-46; "Revolutionary" Argentina, 1955-72, ch. 1).

The military was not normally a political actor that intervened in politics only in times of national emergency. Rather, it was an integral part of the political system. Just as all governments since 1945 have had to deal with the power of organized labor, all governments since 1930 have had to deal with the power of the military. All parties sought military allies either to support their governments or to overturn others, and the military, often with its own ideas on policy and the design of political institutions, sought allies among civilian politicians.

The military, however, was not a unified actor. Like all the other political forces in the country, it was riven by internal factions that competed for power and influence and divided on the fundamental questions facing the country since 1945: the place of Peronism in the political system and the appropriate economic model to be followed. The military was especially divided in its response to Peronism. The military had been a crucial support for Perón, but after his overthrow in 1955, most Peronists among the senior officer corps were retired. The remaining officers became divided during the Aramburu government (1955-58). Those officers who had participated in the 1955 coup were opposed to the persecution of the Peronists. Another group, more influential in the Aramburu government, felt that Peronism should be eradicated from the country. Finally, a third faction emerged that was relatively neutral on Peronism but felt that the military should not attempt to govern the country for an extended period. In 1958 these groups were divided on the questions surrounding elections. The so-called *quedantistas* (from the verb *quedar*, to remain) wanted the military government to continue until the last vestiges of Peronism were eliminated. The so-called *continuistas* favored holding elections but wanted to ensure that the winner would be sympathetic to military goals. The so-called fair play group wished to hold elections without the participation of the Peronists and to respect whatever the re-

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sults were. "Fair play" opinion prevailed, and Frondizi won the 1958 elections.

Opinions within the officer corps hardened further under Frondizi. By 1962 there were two main factions, known as the *colorados* (reds) and the *azules* (blues). The *colorados* were hardline anti-Peronists, often confusing Peronism with communism. Given the electorate's obvious preference for Peronism, they concluded that the country was not ready for democracy. They demanded that the military rule until Peronism was destroyed. In economic matters, they believed that the conservative economic model of an economy based on the export of primary products was the most appropriate for the country. In 1962 the entire upper echelon of the navy, as well as the infantry and the engineers within the army, were *colorados*.

The *azules*, also known as legalists or *blandos*, thought the military should stay out of the political process unless the alternative was chaos or a return to Peronism. Their main objection to Peronism, however, was Perón himself. They were Nationalist in orientation, supporting an economic policy of Economic Nationalism in order to industrialize the country. The *azules* were prominent in the cavalry units of the army, including most of the mechanized forces.

In 1962 the *colorados* deposed Frondizi and opposed his constitutional successor, Guido (1962-63), wishing to establish a military government. The *azules* supported Guido. The intramilitary conflict became increasingly violent throughout 1962, leading to virtual civil war in the streets of Buenos Aires in September 1962. The *azules* won the battle, and the military supported the election of Illia in 1963.

The Onganía government (1966-70) marked a major change in the military's political role. Before 1966 the officers had generally served as arbiters of conflicts among competing groups of civilian politicians. In 1966, however, the military attempted to act as the agent of fundamental social and political change. Virtually all the organized groups of the country—labor unions, political parties, and interest groups—were disbanded as Onganía tried to establish a new corporatist system under military direction (see *The National Security Doctrine*, ch. 5). Many officers, however, did not support this effort. Some were concerned about Onganía's corporatism and others by the prominent place of Catholic Nationalists in his government. When violent demonstrations broke out after the 1969 riots in Córdoba and terrorism became the dominant mode of

political conflict, the military turned to Perón (see *The Argentine Revolution, 1966-72*, ch. 1).

In 1976 the military government of Jorge Rafael Videla aimed to eliminate the political influence of the Peronists, the unions, and all left-wing groups. Virtually the entire upper ranks of the officer corps supported this effort, which was pursued by fighting a guerrilla war against all groups and individuals identified as "subversive." Estimates of the number of people killed during the so-called dirty war range as high as 30,000 (see *The National Reorganization Process, 1976-83*, ch. 1; *The War Against Subversion*, ch. 5).

Although united in its desire to eradicate the left, the officer corps remained divided on other questions, particularly on economic policy and, ultimately, on the design of the political system it wished to create once the guerrillas had been eliminated. These questions dominated military politics after 1978. Videla's minister of economy, José Martínez de Hoz, pursued a policy of opening the economy to imports and foreign investment. Nationalists, particularly those in the navy and the cavalry units, opposed these policies, arguing that they would lead to the destruction of Argentine industry. The army commander, General Roberto Viola, was particularly vocal in his criticism. Junior officers expressed concern for the falling living standards among the working class, which they felt could lead to a new explosion of violence. In December 1980 many Nationalists were promoted, increasing their voice among the upper ranks of the officer corps.

The military was also divided, largely along service lines, over their plans for the political future of the country, particularly over the role civilians were to play in making those plans. The air force and the navy felt that the military should design the new political system and impose it, while the army preferred at least some consultation with civilians. The conflicts within the officer corps led to Videla's removal in March 1981 and to the beginning of the transition to civilian rule (see *The End of Military Rule*, this ch.).

Mass Media

Generally, the media were independent of the major political forces in the country, including the political parties, and were generally conservative in tone. After the restrictions placed on the media during the 1970s were removed in 1983, a large number of sensationalist tabloids appeared, and artistic

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expression recovered from the general absence of controversy and innovation that prevailed under military rule.

The major national newspapers were published in Buenos Aires. *La Nación*, *La Prensa*, and the *Clarín* were the most influential newspapers. *La Nación* and *La Prensa* were generally conservative but not linked to any political party. The *Clarín* was linked to the MID, whose 1983 presidential candidate, Rogelio Frigerio, was its major stockholder. The evening daily, *Crónica*, generally followed a Peronist line, as did *La Voz*. The major English-language newspaper was the *Buenos Aires Herald*. It was known especially for its coverage of human rights violations in defiance of government censorship during the military governments of 1976-83.

The government owned Radio Nacional, which operated 26 stations throughout the country, as well as Radiodifusión Argentina al Exterior (RAE), the government's international service. The government also operated four television channels in Buenos Aires, one in Mar del Plata, one in Mendoza, and 26 other relay stations in several interior cities. The electronic media operated under licenses granted by the Federal Broadcast Committee (Comité Federal de Radiodifusión—COMFER), a division of the Secretariat of Public Information (Secretaría de Información Pública—SIP). Under the 1976-83 military governments, COMFER issued periodic bulletins that banned certain musical themes and performers from the airwaves.

The SIP had responsibility for monitoring the print media. During the military governments, the SIP acted as the government's censor, issuing vaguely worded instructions to editors about prohibited subjects, leaving the editors and reporters to censor themselves. Through the SIP the government maintained a climate of uncertainty and intimidation among editors and reporters by prosecuting those who the SIP felt had transgressed acceptable bounds. The SIP also operated Telam, the official news agency, which, together with the privately owned Noticias Argentinas (Argentine News), supplied most of the news items used by both the electronic and the print media.

Most restrictions on the media were removed on return to civilian government in December 1983. Nevertheless, a highly obtuse, indirect style of reporting, in which events were hinted at rather than described, remained the norm.

The Politics of Democratic Restoration

The End of Military Rule

In March 1976, when the armed forces deposed Isabel de Perón, the move was supported by almost the entire upper class, large sectors of the middle and lower classes, and even some Peronist leaders. With inflation running at some 450 percent and guerrillas fighting each other in the streets, most felt that the country was in complete chaos. Only the military seemed capable of extricating the country from the crisis (see *The Peronist Restoration, 1973-76*, ch. 1).

The military established an institutional government in which the commanders of the three services collectively served as the head of government, choosing the president and filling the entire state apparatus with military officers. Videla was named president (see *The Military in Power*, ch. 1).

The military established two goals for its government—the eradication of “terrorism” and the restoration of economic stability. To accomplish its first goal, Videla’s government directed the military and police forces to win the civil war, placing no restrictions on how that was to be accomplished. Victory was achieved after three years of limited open fighting and a stream of kidnappings, “disappearances,” bombings, and killings that brought a total breakdown of due process for those suspected of being connected with the guerrillas. By June 1978 the guerrillas were all but eliminated, and the military declared victory. By 1980 the last vestiges of the terrorist groups had died out, and the disappearances had stopped.

The Videla government was initially supported in its efforts by an apparent majority of the population. Most of the political parties welcomed the end of the political violence and economic chaos that had threatened their lives and livelihoods in 1975 and 1976. Many business and financial leaders participated as advisers to the government, as did some prominent individuals from the more conservative political parties. A second line of “critical supporters” included sectors of the major agricultural and industrial groups, major newspapers such as *La Prensa* and *La Nación*, and the hierarchy of the Roman Catholic Church. Participation by civilians was not limited to the right, however. In 1979 a government intelligence study revealed that 52 percent of the country’s 1,697 sitting mayors were what it described as “political activists.” Of these, it identified about 33 percent as members of the UCR and over 20 percent as members of the PJ. Despite the concern abroad,

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concern for human rights inside the country remained a minor sideshow, confined to small groups and to the several hundred relatives of the disappeared who marched each Thursday in the Plaza de Mayo in downtown Buenos Aires.

The Videla government placed Minister of Economy Martínez de Hoz in charge of restoring economic stability. He sought to do this by opening the highly protected economy to foreign competition, reducing state intervention in the marketplace, and transferring most state production activities to the private sector. His policies seemed to work in the short run. Foreign reserves jumped from US\$20 million in 1976 to US\$10 billion by mid-1980. Farm output also grew, paced by a 52-percent rise in wheat production during the 1978-79 season over the previous harvest.

Despite the apparent economic success and the victory over the guerrillas, the military was divided over its future course. As early as 1978 the air force commander proposed that a process leading to a return to civilian rule be initiated. The military became divided into hard-liners and moderates. The hard-liners wanted to continue the high level of repression they called "an ideological war of national purification." The moderates, including Videla and the army commander, Viola, wanted to reach an agreement with civilian political and social forces. A third group, led by Admiral Emilio Massera, sought to forge an alliance with the more conservative elements among the Peronists.

While the military leaders debated their future course, the political parties were unable to agree on a common strategy to push for elections. In April 1979 an ideologically diverse group of political parties issued a statement calling for unrestricted political activity and elections. The Radicals, preferring to seek a separate pact with the military, refused to participate. In August several parties issued statements critical of the government's economic policy and calling for elections, but the MID, although agreeing to call for changes in economic policy, refused to join the call for elections, and the Radicals refused to participate at all.

The economy worsened during 1979 and a large number of domestic industrial firms declared bankruptcy. A chorus of protests against Martínez de Hoz from wide sectors of the population failed to cause the government to alter its policies.

At the end of 1979 Videla announced that the government was ready to begin laying the foundation for the creation of a democratic government although, no schedule was set nor a

mechanism announced for the process. In March 1980 he announced that consultations to discuss the basis of a new political system with party leaders would soon begin. However, the onset of a new financial crisis interrupted the process, for several major banks collapsed following a large number of bankruptcies. In June 1980 Ricardo Balbín, leader of the UCR, indicated that the UCR was not prepared to discuss a transition to civilian rule while the country was in economic crisis. In August, however, several small, center-left parties demanded an immediate return to civilian rule. Videla responded in September 1980 by prohibiting all party gatherings. In the meantime, economic conditions worsened, and by mid-1981 the country was in a deep economic recession.

Videla retired in March 1981, and the army commander, General Viola was selected by the junta to replace him. The choice, however, was not unanimous; although the army and the airforce supported him, the navy voted against him. The navy, firm supporters of Martínez de Hoz economic policies, distrusted Viola. The SRA and the UIA urgently requested relief from the financial plight of their members and the chaotic state of the exchange and finance markets. A package of economic measures was announced on March 31. Its most important feature was a 23-percent currency devaluation, which effectively dismantled the central instrument—an overvalued peso—of Martínez de Hoz economic policy.

In addition, Viola offered to include critics from the SRA and the UIA in his cabinet and to include party leaders in discussions on the political transition. His moderation and his apparent desire to talk to the political parties were welcomed by human rights organizations but earned him the distrust of many officers, particularly his successor as army commander, General Leopoldo Galtieri, who publicly warned Viola not to seek popularity by dissociating himself from direct responsibility for the repression of the guerrillas and who criticized Viola's attempts to reach an understanding with the civilian politicians. The navy command, in contrast, seemed to support Viola by issuing a statement indicating its view that a time limit should be set on the military's exercise of governing power.

In the midst of the political uncertainty, the financial crisis continued. There were three major runs on the peso between Viola's inauguration and June 1981. As firms went bankrupt and as unemployment rose, 1.5 million workers staged general strikes in June and again in July. Meanwhile, Viola called for

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resumption of the political dialogue begun by Videla on an orderly transition to civilian government.

However, the UCR and the PJ resisted entering into any agreement without a guarantee of policy concessions, ministerial positions—and, ultimately, elections. Neither would agree to a political system based on indefinite military control. In July the UCR called for the development of a common platform by the major parties and toward that end formed a group known as the Multipartidaria (Multiparty Commission), together with the PJ, the PI, the Christian Democrats, and the MID. The Multipartidaria, however, did not demand immediate elections. Rather, it demanded that the government establish a definite timetable for the transition to civilian rule. Clearly unprepared for elections at that point, the Multipartidaria indicated that an appropriate timetable would be three to four years. It called on the government to promulgate a new statute for political parties and an electoral law under which parties would compete. The agreement among the parties did not extend beyond a demand for a return to civilian rule, for they failed to agree on a set of economic policies that would restore high employment and economic growth while ensuring political stability.

The establishment of the Multipartidaria was widely seen as an attempt by the civilian politicians to support Viola against the hard-line officers who were coalescing behind Galtieri. In return for this support, the Multipartidaria expected to play a role in the choice of Viola's successor when his term expired in 1984.

In November 1981 the government issued an outline of a new political party law, requesting comments from all parties before February 1982 in order to allow preparation of a final draft in June. The law envisioned a gradual transition, beginning with local elections, but no date was set. That same month, however, the junta announced that Viola had temporarily resigned "for reasons of health." The following month it was announced that Galtieri would serve the remainder of Viola's presidential term.

The Galtieri coup marked a sidetracking of the political liberalization and a return to the monetarist economic policies of Martínez de Hoz. Galtieri appointed a cabinet that included many conservatives who had supported the policies of Martínez de Hoz under Videla. To deal with the worsening economic crises, Minister of Economy Roberto T. Alemann froze public sector wages, affecting some 1.6 million workers, and issued

a plan to sell off parts of the military industrial complex, the state banking system, and the oil and gas sector in an attempt to cut the budget deficit. The policy succeeded in reducing inflation but deepened the recession.

Politically, Galtieri continued the liberalization at a slower pace and tried to create a political force that might carry him and the conservatives he represented to elected office in 1984. Toward that end a number of civilians were appointed to provincial governorships. The draft law on parties forbade the questioning of the armed force's role in the 1976-79 repression and prohibited public meetings. Finally, the decision was made to try to rally support for Galtieri's future presidential candidacy by reviving an old navy plan to retake the Falkland/Malvinas Islands from Britain. This move assumed that Britain would protest but do nothing, that the United States would remain neutral, and that the Soviet Union would veto any strong action in the United Nations (UN) Security Council. On January 1, 1982, the formal decision was made to invade sometime between August and September 1982. Plans for the invasion were worked out during the first months of 1982 (see *The South Atlantic War and Its Aftermath*, ch. 1).

In February and March 1982, as the economic recession deepened and unemployment rose to about 15 percent, social tension mounted. Organized labor took to the streets in protest, and the parties spoke out against the military. The timetable for the invasion was moved up and began on April 2. The move had the desired effect. The leaders of the *Multipartidaria* went to the Casa Rosada (the presidential palace) to congratulate Galtieri personally on his reaffirmation of sovereignty over the islands. The PJ, the UCR, the PI, the PSP, and the PCA all praised the move, and many of their leaders attended the ceremony at which General Mario Benjamín Menéndez was sworn in as governor of the islands.

After the reoccupation of the islands by British troops in June 1982, Galtieri's project collapsed. The army refused to support his desire to continue the war, and he resigned on June 17, 1982. But the military could not agree on its next step with respect to the political process. The army wished to continue the gradual liberalization, the air force preferred a rapid reopening, and the navy favored continued military rule. With the junta deadlocked, the army unilaterally appointed retired General Reynaldo B. Bignone as president. Neither the air force nor the navy would support him and withdrew from the junta, leaving the government in the hands of the army with a

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clear mandate to return power to an elected civilian successor by March 1984.

Bignone appointed a cabinet with only one military minister and lifted restrictions on the parties. As the second half of 1982 began, however, the country faced a huge payment on its foreign debt of US\$40 billion by the end of the year and entered into negotiations with the IMF. The government announced a policy of multiple exchange rates, firm price controls, and financial reform. Inflation continued unabated, however. Banks saw one-third of their deposits disappear by the beginning of 1983, for their monthly rate of interest was 10 percent lower than the 15 percent monthly rate of inflation. Inflation in 1982 reached some 209 percent. In July the government suspended payment on both the interest and the principal on its foreign debt and called for a rescheduling. Drastic wage cuts gave rise to strikes and demonstrations, culminating in general strikes in December 1982 and March 1983. The Multipartidaria called for the prompt initiation of a phased plan for national elections and a Nationalist-expansionist-oriented economic policy that included tariff protection for industry, lower interest rates, liberalized credit, and substantial real wage increases.

Internally, the military agreed on four lines of action: a political retreat to allow elections, the transfer of government to the parties winning a majority, a reforging of the cohesion of the armed forces shattered in the wake of the South Atlantic War, and a substantial increase in the military capability of all three services. The junta was reestablished in September 1982.

The military established as conditions for the return to civilian rule that the parties would have to agree not to pursue investigations of corruption, economic mismanagement, human rights abuses, or the conduct of the war. All parties would also have to agree to new laws regulating elections and union organization and would have to guarantee the jurisdiction of the armed forces over all investigations of military conduct. In an attempt to prevent investigations by civilian courts, the military declared in April 1983 that all military actions during the "dirty war" were carried out in the line of duty on orders from the high command.

In March 1983 it was announced that elections would be held on October 30, with the transfer of power scheduled for January 10, 1984. As the campaign got under way, the Peronists were divided, but the Radicals quickly settled on Alfon-

sín as their nominee (see Political Parties, this ch.). Alfonsín based his campaign on an attack of the military and the unions, accusing the Peronists of forming an electoral pact with the former at the behest of the latter. There was little difference, however, between Alfonsín's proposed economic policy and that of Italo Luder of the Peronist PJ. Both proposed reducing inflation and unemployment by expanding the economy and renegotiating the foreign debt. Both also emphasized their commitment to a mixed economy with an expanded role for the state in economic planning. When the military decreed a law giving itself amnesty in September, both Luder and Alfonsín vowed to repeal it.

The Radical Government of Raúl Alfonsín

Raúl Alfonsín of the UCR won the 1983 elections with 52 percent of the popular vote; Italo Luder of the PJ received about 42 percent. It appeared that Alfonsín benefited from a strong anti-Peronist sentiment, especially among voters in the more populous provinces around Buenos Aires. In particular, many voters were thought to have been frightened by Herminio Iglesias, the PJ candidate for vice president, who threatened violence against members of the UCR at a PJ rally on national television during the closing days of the campaign.

The election, however, was not a clean sweep for the UCR. Although it emerged from the elections with a majority of the 254 deputies (129 for the UCR, 111 for the PJ, three for the PI, one for the PDC, and 10 divided among other parties), it did not receive a majority of the 46 senators (18 for the UCR, 21 for the PJ, one for the MID, and six divided among three provincial parties). Nevertheless, Alfonsín and the UCR gave every indication that they interpreted the results as a clear mandate to transform the political system by destroying the political power of both the military and the unions.

In keeping with tradition, Alfonsín made no overtures to the other parties in the days leading up to his inauguration on December 10, 1983. Once in office, he named a cabinet composed of individuals who had been associated with him for years as personal advisers. Most of his appointees were veterans of his Renovation and Change faction within the UCR. His one concession to party unity was the naming of Antonio Tróccoli, a leader of the National Line faction, as minister of interior.

Alfonsín's initial policy program called for a number of

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changes in the political system as well as a program for dealing with the economic crisis. He announced that his government would make the military subordinate to civilian authority and would reduce its role in the economy. He further announced that he would reduce the role of organized labor in the political system, in particular by weakening labor leaders whom he accused of having collaborated with the military governments. Finally, he promised to reactivate the economy by channeling investment capital into industry and by renegotiating the foreign debt.

Days after taking office, Alfonsín moved to restrict the power of the military (see *The Organization of the Armed Forces*, ch. 5). He reached down into the officer corps to appoint relatively junior officers to the highest-ranking positions in all three services, forcing the retirement of 25 army generals, 12 admirals, and 12 air force brigadier generals. In addition, he proposed military reforms that altered the command structure and gave the minister of defense control over military promotions, the details of military policy, troop deployment, and the military industrial complex.

He quickly disciplined any officers who commented on these moves publicly. Junior officers seemed to feel that the traditional political involvement of the armed forces had seriously harmed its fighting ability during the South Atlantic War. In early 1984 he announced further changes, cutting the defense budget from 5 percent of gross national product (GNP—See Glossary) to 2.7 percent. Some members of the UCR proposed cutting the size of the army by half.

In February 1984 Alfonsín appointed civilian directors over the General Directorate of Military Manufacturers, the main holding company for the many industrial firms controlled by the military. Before taking office he had sought agreement from the military to transfer the nonmilitary factories that the armed forces had acquired over the years to civilian ownership but had encountered fierce resistance. This interim step, however, was accepted.

The question of military responsibility for the “disappeared” (*desaparecidos*—those killed in the dirty war), however, proved troublesome. On December 13, 1983, Alfonsín issued a decree ordering the prosecution of nine former members of the military juntas for offenses allegedly committed in the 1976-79 dirty war against terrorism. Seven leaders of various guerrilla factions of the period were also indicted (see *The War Against Subversion*, ch. 5).

During the 1983 electoral campaign, Alfonsín drew a distinction between the armed forces as an institution, which he defended, and those individual members of the armed forces who were responsible for violating human rights. He also made a distinction between the top officials who had given the commands and set the apparatus for human rights violations, those who had exceeded their authority in carrying out their orders, and those who merely obeyed orders. He had pledged to bring indictments against only the first two categories.

At its first meeting the new Congress annulled the amnesty law decreed by the Bignone military government, and Alfonsín announced that the members of the three juntas that governed between 1976 and 1982 would be indicated by the Supreme Council of the Armed Forces. Only the Bignone-led junta was exempted. Alfonsín asked the armed forces to form a council of retired officers who had served on active duty prior to 1976 and charged them to investigate and court martial personnel who had exceeded their authority during the dirty war. In addition, a law passed by Congress at Alfonsín's request in January 1984 enabled the results of the trial conducted by the Supreme Council to be reviewed by the Supreme Court.

Human rights groups and the public at large objected vociferously to this procedure, charging that the military could not be trusted to try its own officers. To allay the criticism, Alfonsín appointed a 12-member commission that was to determine what had happened to the *desaparecidos*. Chaired by novelist Ernesto Sábato, the commission took testimony from 5,792 witnesses over nine months before submitting its 50,000-page report to the president in September 1984. The report documented the "disappearance" of 8,961 people, many of them tortured in 340 secret prisons. It named 1,300 police and military personnel who had participated directly in the repression, most of whom were still on active duty.

This procedure was rejected by most of the human rights groups that had protested the repression. The Permanent Assembly for Human Rights, the Mothers of the Plaza de Mayo and the Center for Legal and Social Studies, in particular, opposed the trials by military courts. They also demanded a congressional investigation in place of the Sábato Commission. After losing the congressional vote on the law that laid down the procedures for trying the members of the military juntas in January 1984, they filed some 50 civil cases against military personnel in relation to the disappearances. The most celebrated case was against General Bignone, who had been spared

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prosecution by Alfonsín, who argued that Bignone had directed the return to civilian rule. Nevertheless, Bignone was indicted and arrested in a privately initiated case for covering up the disappearances of two communist draftees under his command while he headed a military college in 1976.

In August 1984 human rights organizations submitted a list of 896 officers, many of junior rank, who they claimed were involved in crimes during the dirty war. Alfonsín had sought to limit the investigations as much as possible, but this proved impossible under the pressure of the human rights organizations and the uncharacteristic independence of the judiciary. In September, when the Supreme Council of the Armed Forces announced that its investigation found nothing objectionable in the orders and decrees of the military and that the military had only defended the nation against its enemies, Alfonsín's policy was in a shambles. The council's recalcitrance left him no choice but to begin prosecution in the federal courts, albeit slowly, of the service commanders who were members of the juntas.

Lawyers for the accused officers appealed to the Supreme Court, arguing that the civilian courts had no jurisdiction in the cases, but the appeal was rejected in December 1984. As the trials got under way, the chief judge in the cases announced that the officers would be tried under new legal procedures that were designed especially for these cases. The trials were open to the public, evidence would be taken verbally instead of in writing, and the normal rules of evidence were suspended to allow the judges greater leeway (see *The War Against Subversion*, ch. 5). The trials were expected to proceed throughout 1985.

Upon taking office, Alfonsín also moved against the Peronist leadership of the unions. In February 1984 he proposed legislation requiring that all unions hold elections for new officers under the auspices of the courts. Any union regulations that established seniority requirements for holding union office would be void, and the winners of the elections would serve three-year terms. Immediate reelection would be permitted once, after which individuals would have to sit out for a full term before again becoming eligible for reelection. The proposed law also provided for a system of proportional representation on all union councils and commissions, which would award 33 percent of the seats to any minority in the elections that received at least 25 percent of the vote.

Alfonsín's proposal had two objectives: first, to end the

tenure of individuals who had been appointed by the military government to head the unions and, second, to undermine the incumbent leadership in the Peronist unions, most of whom had been elected to their positions before 1976. This would have severely weakened the union leadership in control of the PJ and thereby might have potentially strengthened the more moderate elements within the party.

Alfonsín rushed the bill through the Chamber of Deputies, but it ran into opposition in the Senate. The PJ opposed the bill, as did several senators from small, local parties. Despite Alfonsín's arguments that the bill was nothing more than a democratic reform, many senators feared it was a middle-class attempt to destroy the unions. A few unions preempted the bill by staging their own elections without government supervision. The Peronist leadership was defeated in each election. Overall, however, the bill had the opposite effect from the one intended. In response to the threat to their positions, the leadership of the CGT factions joined forces to lobby against the bill in the Senate, where it was defeated by a narrow margin in March 1984.

Stung by this defeat, Alfonsín fired his minister of labor and social security and called for national unity talks with the opposition parties. After March 1984 he emphasized unity in a series of speeches throughout the country, urging businessmen and labor leaders to join in a system of informal consultation with the government in which all groups would be consulted on policies that might affect them. In return, he asked that the opposition temper its criticisms.

The CGT denounced Alfonsín's initiative, claiming that he wanted to divide the union leadership and seduce the rank and file. In May, Alfonsín met with Isabel de Perón, titular head of the PJ, in an attempt to enlist her support for the talks. After a brief stay in the country, however, she again departed for Spain. Labor leaders did participate in talks concerning wage and price issues throughout 1984, and there were relatively few days of national labor protest. Simultaneously, however, the labor leadership began a campaign of harassment with a series of short, local strikes in mid-1984. The CGT demanded that the government return control of the union social services funds, which had been confiscated by the military, but Alfonsín refused, insisting that the unions join business groups and the government in talks on a new "social pact" on wages and prices. The CGT refused to join the talks and demanded that Alfonsín form a coalition government with the PJ. Alfonsín

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refused, and the impasse lasted until August, when talks between the government and the CGT began under the auspices of the Catholic church. Because the government continued to refuse official recognition and the return of the social services funds, the CGT called a general strike in September 1984. Millions of CGT members ignored the strike call, however, severely weakening the position of the labor leadership. In January 1985 it finally agreed to continue talks over economic policy.

Alfonsín's problems with labor were exacerbated by the steadily deteriorating state of the economy (see *Growth and Structure of the Economy*, ch. 3). During the 1983 election campaign, he had defined three objectives for his economic program: to reduce inflation, then running at an annual rate of some 950 percent; to reactivate the economy; and to improve real income. This was to be accomplished by cutting public spending and the budget deficit while increasing wages and reactivating the economy.

Alfonsín declared a state of economic emergency upon taking office. Controls were placed on prices and interest rates, and wage adjustments were indexed at 2 percent above the rate of inflation. In return for easier credit policies, the UIA, the SRA, and the major business groups agreed not to pass along these wage increases to consumers.

Inflation increased through 1984, however, and wage indexing was discontinued in March. Already in technical default on its US\$45 billion foreign debt, the government again entered into negotiations with the IMF, seeking approval of its economic policy, as required by its creditors before they would refinance the country's debt. Negotiations broke down in June 1984 when the IMF team asked the government to institute a 20-percent decrease in real wages and limit the budget deficit to 9 percent of GDP. The government refused, proposing a 6- to 8-percent wage increase and a budget deficit of 12.5 percent.

Alfonsín appealed directly to the IMF directors in June 1984 but failed to gain their support. He was then forced to negotiate an agreement based on the original IMF proposals. In December 1984 an agreement was reached under which the country received US\$1.7 billion from the IMF, US\$4.2 billion in new loans from commercial banks, and the rescheduling of US\$14 billion. In return, the country agreed to pay its creditors US\$850 million in overdue interest payments, US\$500 million of which was supplied as a bridge loan from the United

States government and US\$100 million supplied by other Latin American countries.

The deal reached with the IMF caused a sudden hardening of opposition to the government. The PJ turned to obstructionist tactics in Congress, refusing to attend the sessions at which Minister of Economy Bernardo Grinspun explained the scope of the agreement. The CGT announced that "the workers are not willing to pay the external debt." Disagreement also emerged within the government as the president of the Central Bank of the Argentine Republic, Adolfo Canitrot, advocated "flexibility" and "giving in little by little" to soften the social impact of the commitments made.

In January 1985 the government announced a new economic strategy that was designed primarily to lower inflation—then running at some 776 percent annually—and to pay the foreign debt. The plan envisioned no real wage increases for 1985. The IMF, however, refused to release the first disbursement of its funds until the government implemented further austerity measures. In March Alfonsín replaced his minister of economy, appointing Juan Sourrouille in his place. The new minister announced that future wage increases would be held to 90 percent of inflation. The IMF objected, however, to even this level of wage increases and still refused to release its funds.

In the midst of these difficulties, rumors surfaced that Alfonsín was thinking of resigning and that a move was afoot to overthrow Alfonsín and replace him with Vice President Víctor Martínez. In the meantime, Sourrouille resisted the implementation of a strongly recessionary economic program, insisting that the gradualist approach be continued. Talks among business, labor, and the government on a "socio-economic pact," however, broke down in April. MID leader Frondizi then issued a statement warning that anarchy was already reigning in the country, specifically mentioning the rapidly deteriorating economic situation and the continuing trial of the leaders of the military juntas. Former president Onganía echoed these criticisms, sparking a flurry of rumors about a military coup.

On April 23 the CGT announced a series of labor demonstrations to protest declining wages, beginning on May 30, in several interior provinces that were to culminate with a general strike on May 23. In response to the uncertain situation, Alfonsín addressed the nation on television, warning of "traitors" whom he accused of planning a coup and summoning the opposition parties to a "rally in defense of democracy" in the

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Plaza de Mayo. The representatives of 14 political parties signed a Document in Defense of Democracy on April 25 to pledge their support for the constitutional government. Most of the major political organizations participated in the rally the following day. Notable by their absence, however, was the leadership of the CGT and the Odeón faction of the PJ. In his address Alfonsín announced that he was putting the economy on a "war footing" by increasing taxes, transferring many state firms to private ownership, and substantially reducing public spending. These moves were designed to decrease the budget deficit and thereby reduce inflation.

The CGT proceeded with its planned protests, but the indications were that many of the union rank-and-file did not support the actions. In addition, counterrallies held by the MAS succeeded in drawing larger crowds than the CGT rallies in some cities. The CGT campaign was also opposed by the Río Hondo faction of the PJ, which while calling for a change in economic policy joined the UCR to discuss the possibility of creating a new multiparty group "in defense of democracy" and urged the resumption of talks between the government and the CGT leadership. As the CGT campaign continued, however, prominent members of the PJ's Odeón faction, particularly Saúl Ubaldini, called on the government either to change its economic policy or to resign.

The 12-hour general strike, marked by the largest antigovernment demonstrations since Alfonsín's inauguration, took place on May 23. The CGT failed, however, to completely shut down the country; trains and buses still functioned. Alfonsín quickly regained the initiative, announcing that the government had uncovered the existence of a heavily armed group of right-wing terrorists on June 1 (see *The Ministry of Interior and Internal Security*, ch. 5). He recognized the CGT as the "most representative" labor group and finally returned the unions' social welfare funds to the organization on June 6. The talks between labor, business, and the government reconvened soon afterward.

On June 14 the government announced sweeping economic austerity measures, which Alfonsín said were necessary for the survival of democracy. The program included an indefinite freeze on wages, prices, and public sector tariffs, the introduction of a new currency unit (the austral), and a commitment that the government would no longer print money to cover its budget deficit. The CGT initially opposed the plan, as did the leaders of most opposition parties. Indications that the public

as a whole supported the plan, however, led most leaders, including the CGT leadership, to express qualified support for it in subsequent weeks. Politically, Alfonsín staked his government on the plan's success. The congressional elections scheduled for October 1985 were expected to express the public's verdict, whether in favor of the program or opposed to it. In the meantime, however, indications were that Alfonsín had again managed to steal the initiative from his opponents, who would be blamed for opposing the plan if it did not work, while he would get the credit if it did.

Foreign Relations

Foreign policy was the responsibility of the president, who was advised by the Ministry of Foreign Relations and Worship. Under civilian presidents, foreign policy was generally made by the president, his or her close personal advisers, the career staff of the Ministry of Foreign Relations and Worship, and the armed forces. Some of the leaders of the major business associations, intellectuals, executives of the major foreign investors in the country, foreign military advisers, and representatives of foreign and international aid agencies often participated in the process. The circle of participants was narrower under military presidents, the armed forces typically playing a greater role than the career foreign service.

History and General Principles

Historically, the country was most concerned with sovereignty, security, international recognition, and economic development in its foreign relations. Argentina's close economic relationship with Britain from independence until World War I led many to consider the country a Spanish-speaking appendage of the British Empire. The British built the railroads and utilities, introduced modern breeding techniques to the cattle industry, and ran the international trading system. The ruling elites represented those who supplied the beef, wool, and grains to the British companies. Thus, the country supported British investors and British interests in the region, eschewing identification with the rest of Latin America. The British influence, together with the large number of European immigrants, led to a general orientation toward Europe and a relative de-

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tachment from Western Hemispheric affairs, aside from border tensions with Chile and a traditional rivalry with Brazil.

When the United States began to advance its economic and diplomatic sphere southward by means of the Pan American Union in 1889, Argentina turned its attention to the rest of South America, albeit in a limited way. It opposed United States attempts to forge hemispheric solidarity, arguing that although Central America and the Caribbean fell within the United States sphere of influence, South America should maintain its autonomy. Pursuing this policy, the country successfully blocked an attempt by the United States to create a hemispheric peacekeeping mechanism at the 1933 Montevideo Conference of the Pan American Union. At the same time, however, investors from the United States had successfully established a strong position in the country's economy during World War I.

With the rise of nationalism in the late 1930s, the country was divided in its foreign policy emphases. Conservative governments emphasized the country's traditional ties to Britain, while the military governments of the early 1940s sought to limit British influence and advocated closer ties with Germany. During World War II the country maintained its neutrality, shipping beef and grain to Britain while encouraging German investments in industry. The United States opposed this position and pressured the country to declare war on Germany by giving substantial military assistance to Brazil. In 1945, with the results of the war clear, the country declared war on Germany and Japan "in order to achieve acceptance in an Allied World."

During World War II the country joined the Inter-American System after signing the Act of Chapultepec in April 1945. It joined the Organization of American States (OAS) in 1948, signed the Inter-American Treaty of Reciprocal Assistance (Rio Treaty), and participated in the Inter-American Defense Board. At the same time, however, the country developed the concept of a so-called Third Position in international affairs, independent of the rivalry between the United States and the Soviet Union. The policy led to closer ties with Latin America, the maintenance of a more distant, and at times hostile, attitude toward the United States, and the development of cooperative relations with other countries in Asia and Africa. This policy, with varying degrees of emphasis, was continued throughout the 1950s and 1960s. At the same time, however,

the country continued to emphasize its traditional cultural, political, and economic links with Western Europe.

Under the military governments of the late 1960s and the 1970s, the country tried to project its power on a broader scale than before. Those governments, tending to view the international system in terms of a basic conflict between the United States and the Soviet Union, sought to ally the country more closely with the United States and at the same time establish regional hegemony in the Southern Cone and in the South Atlantic area. Difficult relations with the United States during the late 1970s impeded the pursuit of this project, but after their improvement in 1980, the country participated in a military coup in Bolivia, sent military advisers to assist the government of El Salvador and antigovernment guerrillas operating against the government of Nicaragua, entered into informal discussions with the United States concerning the possible location of a United States military base in Argentina, and sought the formation of a South Atlantic Treaty Organization to join Argentina, Brazil, and South Africa in a military alliance with the United States. At the same time, however, the country developed a strong commercial relationship with the Soviet Union.

The South Atlantic War of 1982 seriously disrupted the country's foreign relations, effectively ending its traditional ties with Britain but also calling into question its relationship with the United States and its participation in the Inter-American System. To many Argentines, the role played by the United States in the war made it impossible to rely on the Rio Treaty as the primary mechanism for external defense. This also contributed to a growing climate of opinion that the country's interests would be better served by aligning itself with the developing countries, particularly on economic issues.

The foreign policy of the Alfonsín government reflected these concerns. It sought to forge stronger ties with the Nonaligned Movement and tried to negotiate a common policy on international debt payments with the other countries of Latin America. In addition, it ended the country's military involvement in Central America and distanced itself from United States policy in the area. It also tried to improve its relations with several West European countries, notably with Spain, Portugal, and Italy, and maintained its commercial relations with the Soviet Union. Finally, it sought to resolve the long-standing territorial dispute with Chile over the Beagle Channel

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and to resolve peacefully the country's dispute with Britain over the islands of the South Atlantic.

Relations with Britain

In mid-1985 the fundamental issue between the country and Britain remained the status of the Falkland/Malvinas Islands as well as the other islands in the South Atlantic (South Georgia/Georgia del Sur Island, South Sandwich/Sandwich del Sur Islands, South Orkney/Orcadas del Sur Islands, and South Shetland/Shetland del Sur Islands). Argentina considered these islands to be part of the country, together with a large portion of Antarctica. The Antarctic claim came under the provisions of the 1959 Antarctic Treaty (see Relations with Other Countries, this ch.). The British occupation of the Falkland/Malvinas Islands, however, was viewed as a case of colonial occupation.

The Argentine claim was based on the "discovery" of the islands in 1504 by the Florentine navigator, Amerigo Vespucci. France claimed sovereignty in the seventeenth century by virtue of occupation but ceded its rights to Spain. Britain, which based its claim on the "discovery" of the islands in 1592 by Captain John Davis, agreed with Spain in the 1713 Treaty of Utrecht not to establish colonies in the southern half of the Western Hemisphere in return for Spain's agreement not to establish colonies in the northern half. Spain's claim passed to Argentina upon the latter's independence in 1816. Argentine settlements were established and a governor appointed in 1820 (see *The South Atlantic War and Its Aftermath*, ch. 1).

In 1829 Argentine authorities on the Falkland/Malvinas Islands seized the United States whaling vessel *Harriet* for legal infractions. The United States retaliated by dispatching the U.S.S. *Lexington* to destroy the Argentine settlements in 1831, and in 1833 the United States consulate in Buenos Aires urged Britain to seize the islands and deport the Argentine inhabitants. In 1985 Argentina maintained that the British occupation of 1833 was illegal under 1946 international law. Britain maintained that its occupation had been legal under prevailing international law and was not subject to subsequent alterations of the law.

In 1965, at Argentina's request, the UN General Assembly passed a resolution urging the two countries to negotiate a peaceful resolution of the sovereignty question. Secret negotiations, which began the following year, led to the so-called Agreed Position in 1967 under which Britain acceded to the

Argentine claim in principle. Domestic politics in Britain, however, prevented any further progress. Discussions began again in 1970, leading to the 1971 Buenos Aires Declaration, under which regular sea and air communications between the Argentine mainland and the islands were established, and postal, cable, and telephone connections were improved. Argentina also agreed to admit the islanders to schools and hospitals in Argentina. Britain then proposed a "lease-back" arrangement, under which Argentina would be granted formal sovereignty, although Britain would maintain administrative control until the islanders could adjust to eventual Argentine governance. The islanders refused to accept this arrangement, and the proposal was defeated in the British Parliament.

In December 1973 the UN General Assembly expressed its concern at the slow pace of the negotiations and again urged the two countries to resolve what it described as the "colonial situation." The following year, further agreements on the transportation of goods between the island and the mainland were reached, and Argentina agreed to supply the islands with fuel. In February 1976, however, a shooting incident between the Argentine destroyer *Almirante Storni* and the British naval vessel *Shackleton* about 130 kilometers from the islands led both countries to recall their ambassadors until November 1979.

New negotiations began in February 1977, with meetings in Rome, New York, Lima, and Geneva throughout 1978 and 1979. Little progress was made, however. In January 1981 the islanders' legislative council rejected the "lease-back scheme" and declared its preference for freezing the dispute for another 25 years. In March 1982 Argentina protested the slow rate of progress in the negotiations and urged monthly meetings with a fixed agenda between the two countries, alluding to possible unilateral action if Britain did not respond. In early April an Argentine force occupied the Falkland/Malvinas, South Georgia/Georgia del Sur, and South Sandwich/Sandwich del Sur islands. The islands were formally constituted as the country's twenty-third province, and a governor was appointed.

Britain protested the Argentine action, taking its case to the UN Security Council, where it obtained Resolution 502, which called for an Argentine withdrawal and the cessation of hostilities. Britain then sought and received the imposition of economic sanctions against Argentina by the Commonwealth of Nations and the European Economic Community (EEC) and

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dispatched an invasion force to reoccupy the islands. Argentina sought the support of the OAS, but that organization adopted only a "resolution of concern" on April 13, offering its "friendly cooperation in the search for a peaceful settlement." After British forces appeared in the waters surrounding the islands, Argentina invoked the Rio Treaty, citing Article 3, which established that "an armed attack by any State against an American State shall be considered an attack against all American States," and requested the imposition of sanctions against Britain. Over strong objections by the United States, the foreign ministers of the 21 signatories of the Rio Treaty met in late April but merely adopted a resolution supporting the Argentine claim to sovereignty over the islands and deploring the sanctions that had been imposed against Argentina by the EEC at Britain's request. The resolution did not, however, invoke any sanctions against Britain. It called for fulfillment of Resolution 502, urged a truce between the combatants, and called on Britain to withdraw its forces.

Following the official end of United States neutrality in the conflict on April 30, both UN Secretary General Javier Pérez de Cuellar and President Fernando Belaúnde Terry of Peru tried to mediate the dispute. Although both sides made considerable concessions, neither effort was able to mediate the fundamental dispute over sovereignty. Argentina required prior assurances of its ultimate sovereignty over the islands before entering into new negotiations with Britain, and Britain insisted that the outcome of any future negotiations should not be "prejudged." On May 21, British forces landed in the islands (see *The South Atlantic War*, ch. 5). After the British reoccupation of the islands, the dispute returned to the diplomatic level. Despite the simultaneous lifting of financial sanctions by the two countries in September 1982, no new negotiations were begun. In November 1982 the UN General Assembly urged resumption of negotiations for a peaceful resolution of the dispute. Argentina accepted the offer of the UN secretary general to arrange discussions, but Britain responded that it would not enter into negotiations until Argentina issued a formal declaration ceasing hostilities. Furthermore, it stated that the question of sovereignty was "nonnegotiable." In November 1983 the General Assembly passed a second resolution calling for negotiations over sovereignty. Argentina protested what it described as a British "military buildup" on the islands.

In December 1983 Alfonsín ruled out the renewed use of force over the islands but also refused to unilaterally issue a

formal cessation of hostilities unless Britain agreed to discuss sovereignty. Privately, Argentina and Britain exchanged notes throughout late 1983 and 1984. Argentina urged Britain to end its fortification of the islands, to lift its 200-nautical-mile exclusion zone around the islands, and to return to the prewar sovereignty negotiations. Britain, for its part, dropped its insistence on a formal cessation of hostilities but maintained its refusal to discuss sovereignty. In July 1984 representatives of the two countries met in Bern, Switzerland, under the offices of the Swiss and the Brazilians to discuss the issues between them. The discussions, however, quickly broke down over the question of whether sovereignty would be discussed. In mid-1985 Britain lifted its restrictions on trade with Argentina; Argentina, however, continued to insist on negotiations over sovereignty.

Relations with the United States

Although relations with the United States were often difficult, the country was considered an ally of the United States. Although publicly asserting its independence, the country supported most United States regional and global policies throughout the 1960s, including the economic blockade of Cuba and the 1965 military intervention in the Dominican Republic. The United States supplied Argentina with about US\$247 million in grants, credits, and other forms of military aid between 1950 and 1979, when about 4,017 Argentine military personnel were trained in the United States. There were, however, serious disagreements between the two countries on a number of issues, particularly during the late 1970s.

The United States was particularly concerned about Argentina's nuclear research program. It began independent research and the production of reactors and some fuel elements in the early 1950s. During the first 20 years of the program, the United States and other countries supplied Argentina with enriched uranium on a commercial basis. However, when the country signed but did not ratify the 1967 Treaty for the Prohibition of Nuclear Weapons in Latin America (Tlatelolco Treaty) and refused to sign the 1968 Treaty on the Non-Proliferation of Nuclear Weapons (NPT), the United States became increasingly concerned. The latter treaty required its signatories to establish safeguards in conjunction with the International Atomic Energy Agency (IAEA). Argentina maintained that, although it supported the goals of the two treaties

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and accepted a variety of international safeguards on its research, it could not accept IAEA's prohibition on the use of peaceful nuclear explosions in that research. The country also objected that the Tlatelolco Treaty did not provide sufficient safeguards to protect its nuclear technology trade secrets. In 1978 the United States halted sales of enriched uranium to Argentina and urged other countries to do the same. Argentina then embarked on a research program designed to establish a complete nuclear fuel cycle. The United States then moved to block the transfer of nuclear technology to the country, insisting that it ratify the Tlatelolco Treaty, agree with the IAEA on a number of safeguards, and agree not to reprocess nuclear fuel without international supervision. Argentina then objected that both the Tlatelolco Treaty and the NPT were attempts by the nuclear powers to prevent the country from developing its own nuclear industries by keeping it dependent on the United States for essential technology. Argentina announced in November 1983 that it had developed its own uranium enrichment technology (see Nuclear Development and Capabilities, ch. 5).

In November 1984, however, the country signed an agreement with Greece, India, Mexico, Tanzania, and Sweden in support of world nuclear disarmament. The agreement pledged the signatories to oppose the arms race in international forums. At the same time, Argentina apparently continued its insistence on its right to detonate peaceful nuclear explosions (see Constitutional Provisions and Treaty Obligations, ch. 5).

Relations with the United States reached a low point in 1977 and 1978. Criticizing human rights violations in Argentina, the United States restricted arms sales to the country, voted against loans to Argentina from international aid agencies, and strongly criticized it in the OAS and the UN. Rather than accept evaluation of its human rights situation by the United States Department of State and the subsequent discussion of those evaluations in the United States Congress, Argentina terminated its military assistance program with the United States. After the Soviet Union invaded Afghanistan in 1979, Argentina refused to join the United States in halting grain sales to the Soviet Union. Relations improved in late 1979 and 1980, however, as a result of Argentina's improved human rights record, the importation by Argentina in 1979 of US\$2 billion of United States goods, and the release by the United States of about US\$980 million in loans in 1980.

Relations between the two countries improved further after Galtieri became president in 1981. In a series of meetings between officials of the two governments in late 1981 and early 1982, they discussed the role of Argentina forces in Central America, the possible location of a United States military installation in Patagonia, the possible deployment of Argentine troops as part of the peacekeeping force in the Sinai desert envisaged in the Camp David Agreements, and the country's tense relations with Chile. The United States scheduled some US\$500 million in military aid for 1983.

This improvement in relations ended with the country's attempt to recover the Falkland/Malvinas Islands by armed force. Although the United States was officially neutral in the dispute and United States Secretary of State Alexander Haig tried to mediate between Argentina and Britain, press reports in the United States to the effect that the United States was, in fact, assisting Britain in its war effort caused great concern in Argentina. When the United States opposed Argentina's invocation of the Rio Treaty and then officially declared its support for Britain on April 30, 1982, many in Argentina felt the United States had betrayed them. A poll taken in Buenos Aires in June 1982 indicated that although some 30 percent of the respondents considered British prime minister Margaret Thatcher the "most hated" person in the world, some 55 percent reserved that distinction for President Ronald Reagan of the United States. The country ended its military involvement in Central America, threatened to withdraw its representatives from the Inter-American Defense Board, and sought to improve its relations with Cuba, Nicaragua, and a number of countries in the Nonaligned Movement.

Relations did not improve markedly upon the election of Alfonsín. Alfonsín was particularly angry about what he perceived as the United States preference for the PJ's candidate in the elections, Italo Luder. He was also reportedly upset by a visit of United States military officials while he was president elect, during which they met with Argentine officers but failed to pay him a courtesy call. Reportedly he felt that such direct military contact between the two countries complicated his efforts to achieve civilian control over the military.

The major issue between the two countries during the first 18 months of Alfonsín's presidency, however, concerned the country's international debt. In June 1984 representatives of 11 Latin American countries, including Argentina, met in Cartagena, Colombia, to discuss common problems concerning

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their international debts. They called for an "adequate repayment and grace period," as well as a "reduction of interest rates, margins, commissions and other financial charges." In September 1984 the so-called Cartagena Consensus countries met again, at Alfonsín's invitation, in Mar del Plata. They issued a formal call for multilateral talks with industrialized countries concerning the international debt problems.

In response, the United States Department of the Treasury issued a statement that the United States opposed such a meeting, indicating its preference that any talks be conducted within established forums such as the UN, the World Bank (see Glossary), and the IMF. Arguing that United States fiscal policy contributed to high interest rates, however, Alfonsín indicated that the United States government should take steps to ease his country's debt burden. In particular, he sought the assistance of the United States in his attempt to get IMF agreement to continue his policy of economic reactivation. The United States, however, continued its insistence that the country reach an accommodation directly with the IMF.

In June 1985 the country began a new economic stabilization plan designed to halt its growing inflation rate. This policy was supported by the United States, which joined 11 other countries in supplying a bridge loan to help cover the country's external payments until IMF disbursements began.

Relations with Other Countries

In 1985 the country was continuing a trend toward improved relations with a number of countries with which it had had serious disagreements in the past. In particular, Argentina moved to settle its dispute with Chile over the Beagle Channel, continued its growing trade relationship with the Soviet Union, and moved to strengthen its ties with several countries in Western Europe.

Latin American Countries

The pattern of relations with the other countries of the region shifted markedly as the result of the South Atlantic War. The Galtieri government had sent military advisers to assist the government of El Salvador in its battle with insurgents and also sent economic and technical aid to antigovernment guerrillas fighting against Nicaragua (see *Operational Command, Deployment, and Equipment*, ch. 5). This effort

ended after the United States ended its official neutrality in the South Atlantic War. The Alfonsín government continued this policy of disengagement in Central America, although it did extend a US\$45 million line of credit for industrial goods to Nicaragua and offered an additional US\$2.5 million in food and medical aid. It also supported the efforts of the Contadora Group to mediate conflicts in the region and refused to support the effort by the United States to organize an economic boycott of Nicaragua in 1984. The country also extended a US\$600 million line of credit to Cuba in 1984 and signed further agreements to export industrial machinery to Cuba in 1985.

The Alfonsín government continued the development of closer relations with Brazil begun by the military governments in the late 1970s. In 1980 the two countries signed a number of agreements covering nuclear cooperation, joint exploitation of hydroelectric resources, a permanent mechanism for political consultation, interconnection of national electrical grids, establishment of common veterinary regulations, coordination of grain exports, and scientific and technical cooperation. In 1982 Argentina unsuccessfully tried to interest Brazil in playing a more active role in the region, particularly by joining an anticommunist alliance in Central America and by joining to form a South Atlantic Treaty Organization. The Alfonsín government continued to make overtures to Brazil, giving particular emphasis to the development of a joint effort in nuclear power research. In March 1985 the two countries began discussing an agreement under which they would each open their nuclear facilities to inspection by the other.

The Alfonsín government also concluded a treaty with Chile under which it accepted Chilean sovereignty over three small islands in the Beagle Channel. The two countries had disputed control of the islands for years. Both countries were concerned primarily with the impact that control of the islands would have on their competing claims to territory in Antarctica. A 1977 arbitration award, drafted by five members on the International Court of Justice and confirmed by the British crown, awarded the islands to Chile, but Argentina rejected the award, citing technical irregularities in the court's decision. This rejection led to a strong Chilean reaction, and troops were mobilized by both countries. In December 1978 the two countries agreed to accept papal mediation of the dispute.

Little progress was made in the dispute until late 1983, when Alfonsín made a settlement with Chile a high priority. In

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January 1984 the two countries signed a "Declaration of Peace and Friendship" under Vatican sponsorship and later in the year initialed a treaty that awarded the islands to Chile but limited Chilean access to the Atlantic and specifically separated the two countries' claims in Antarctica from the status of the Beagle Channel islands. In November 1984 about 73 percent of the electorate approved the treaty in an unprecedented referendum. The Senate ratified it in early 1985, thus settling the dispute (see fig. 4).

Soviet Union

Argentina has long maintained an economic relationship with the Soviet Union, exporting grain and meat to that country and importing limited quantities of industrial goods. During the early 1970s the country took a greater interest in this trade, both as a means of pursuing a foreign policy more independent of the United States and as a source of needed hard currency. Later, the Soviet Union became a limited source of nuclear technology unobtainable from the United States.

The relationship deepened as the Soviet Union refrained from criticizing the government's human rights record during the late 1970s, and in return Argentina refused to cut off its exports following the 1979 Soviet invasion of Afghanistan. In 1981 the two countries signed a five-year trade agreement by which Argentina supplied grain and meat to the Soviet Union. Further contracts were signed in 1982 covering various services and nuclear supplies. Under these contracts Argentina became one of the major suppliers of grain to the Soviet Union. The trade balance between them was markedly in favor of Argentina, balancing to a great extent its negative trade balance with the United States and Western Europe. The Soviets, however, urged the country to import more from the Soviet Union in order to achieve greater balance in the relationship. The Argentines resisted doing this, causing some difficulties in renegotiating a new trade agreement in 1985.

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The best English-language studies of Argentina politics

Government and Politics

available in mid-1985 were Gary W. Wynia's *Argentina in the Postwar Era* and Lars Schoultz' *The Populist Challenge*. Neither, however, covered developments after 1982. The articles on Argentina and on the South Atlantic War published in *Latin America and Caribbean Contemporary Record*, edited by Jack W. Hopkins, provided useful information on political and economic events, as did the articles by Wynia on Argentina published in *Current History*. Information on contemporary events was available in the *Latin America Weekly Report* and *Latin America Regional Reports: Southern Cone*, both published by Latin American Newsletters of London, and in various issues of the *Financial Times*, the *New York Times*, the *Los Angeles Times*, the *Washington Post*, the *Wall Street Journal*, and the Argentine newspapers *La Nación*, the *Clarín*, and the *Buenos Aires Herald*. A useful compendium of English-language newspaper articles on Argentina was the *Information Service on Latin America*.

The best overview of Argentina's foreign relations was Dennis R. Gordon's "Argentina's Foreign Policies in the Post-Malvinas Era" in *The Dynamics of Latin American Foreign Policies*. (For further information and complete citations, see Bibliography.)

*Presidents Ronald Reagan and Raúl Alfonsín meeting at White House during President Alfonsín's visit to the United States in 1985
Courtesy The White House/
Jack Kightlinger*



*Casa Rosada, the presidential palace
Courtesy Organization of American States*



Buenos Aires



Congress building
Photos courtesy Organization of American States

Chapter 5. National Security



Soldier of the Horse Grenadiers

BY MID-1985 THE DIFFICULT issues that had dominated Argentine society during the 1982-83 military government re-surfaced as the popular exhilaration generated by the 1983 election of President Raúl Alfonsín waned. These issues included finding a long-term solution to the country's continuing economic problems; determining and punishing those responsible for the military's war against subversion, or "dirty war," during which thousands of Argentines had been murdered; and assigning blame for the armed forces' defeat by Britain in the South Atlantic War. Under the civilian government of President Alfonsín, civil-military relations continued to be redefined within the context of these issues.

The continuing financial problems provided Alfonsín the opportunity to reorganize the armed forces not only according to Argentina's economic realities but also according to his own precepts. Twice during his first 18 months in office the president made efforts to assert and maintain his constitutional authority over the armed forces institution, leading to shake-ups at the top. The first changes came in July 1984, and the second, more extensive changes, in March 1985. The principal criticisms waged against the president by the suddenly retired military officials related to drastic cuts in the military budget, which they maintained had damaged the armed forces' morale and operational capabilities, and the government's handling of investigations and other matters related to the war against subversion.

The role of the armed forces' former leadership in their defeat by the British during the 74-day South Atlantic War in 1982 was an issue taken up within the military itself. Even before the return of civilian government, numerous studies—including the authoritative Rattenbach Report—were prepared by the armed forces, which sought to assign blame, if not scapegoats, for Argentina's ignominious defeat. The courts-martial of the war's leaders by the Supreme Council of the Armed Forces, the military's highest tribunal, continued to receive testimony in mid-1985.

The legacy left by the dirty war of the late 1970s was perhaps the greatest obstacle to the consolidation of democratic government in the 1980s. In April 1985 the public civil trials of the leaders of the military juntas that ruled between 1976 and 1982 opened with much fanfare. Several of those

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tried by the civil court were also under judgment by the military's Supreme Council for their actions in the South Atlantic War. Because the junta members were not being tried by their peers, the civilian government made a special effort to point out that it was the individual military leaders who were being tried before the civil court and not the institution of the armed forces.

Rumors of Alfonsín's imminent resignation, as well as military conspiracies and coups d'état, continued in 1985. A right-wing campaign to "destabilize" the government through terrorism was revealed by the Alfonsín administration shortly before the first arrests of paramilitary group members were made in May and June. By August a precarious calm seemed to have settled over the country as the Argentine press carried extensive accounts of the trials and arrests and the average Argentine citizen got on with the daily business of trying to earn a living.

Background and Traditions of the Armed Forces

The Armed Forces' Origins

Although the modern Argentine military is generally recognized as having become a consolidated national institution only around the turn of the twentieth century, its origins and official traditions date back to the years immediately preceding independence. At the time of the May 1810 revolt against Spanish colonial rule, three military bodies already existed that provided the foundation of the first Argentine army.

The first of these, the Blandengues, traced its origins to the period shortly before the creation of the Viceroyalty of the Río de la Plata. During the early 1750s these cavalry troops, then acting under order from the viceroy of Peru, patrolled territory comprising modern Argentina and defended the newly established frontier towns against attacks by hostile Indians. The Blandengues—so named for the lack of enthusiasm with which they were said to have received a visiting representative of the Spanish crown—helped expand the territorial frontiers for settlement and trade by Spanish colonists. In many cases, duty as a frontier guard served as the training ground for those who later became the independence movement's military leaders.

By 1800 a regular colonial army, consisting only of some 2,500 Spanish soldiers, had been organized to guard Buenos

Aires, the administrative seat of the new viceroyalty. The colonial troops were divided among a regiment each of infantrymen and dragoons and four companies of a Royal Artillery Corps. The principal security concerns of the city's authorities were to protect themselves against the loss of revenue to the ubiquitous British smugglers and to defend themselves against incursions by Portuguese colonists who attempted to settle as far south as the Río de la Plata in an area that was then part of the city of Buenos Aires.

The third force, a popular militia, was hastily assembled in 1806 in the wake of Britain's invasion and occupation of Buenos Aires. Even though the viceroyalty was forewarned of the impending British invasion, it was incapable of organizing the regular colonial army to defend the city (see *The Dawn of Independence*, ch. 1). Instead, the armed citizens of Buenos Aires—criollos as well as Spaniards—were largely responsible for the city's recapture from the 1,500-man occupying army, an event known in Argentine history as the Reconquest. When Britain surrendered in August after controlling the city for nearly two months, the strength of the militia stood at some 1,500 to 2,000 men. By the time of Britain's second attempt on the port city in 1807, the loosely organized force already had its own elected officer corps and was receiving two hours of military training daily. It had grown to a size of some 8,000 men, roughly one-fifth of the total population of Buenos Aires, and again proved crucial in repelling the British invaders. In the Defense, as the action subsequently became known, almost two-thirds of the militia were native-born criollos.

After the second British defeat, support for the independence movement among members of *porteño* (pl., *porteños*—residents of Buenos Aires) society grew rapidly. At the same time, Spanish authorities recognized that they would be unable to contain any insurrection. The peaceful May Revolution of 1810—in which the viceroy, forced to resign, was replaced by a criollo-led junta—brought de facto independence, but only to the city of Buenos Aires. The personnel belonging to the colonial army posted at the city, depending on their loyalty to the Spanish crown, were either dismissed or were reorganized into Buenos Aires' new military units, which were given such patriotic names as the Dragoons of the Fatherland or the Artillerymen of the Fatherland. The Blandengues were renamed the Mounted Volunteers of the Fatherland. Many Blandengues, however, resisted formal organization and became models for the later romanticized figure of the gaucho.

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The presence of royalist forces elsewhere in the region continued to threaten the new government's independence and prompted the creation of military units whose mission it was to drive out the colonial army and its supporters. Between 1810 and 1815 three expeditionary forces were organized and set out on numerous campaigns—all ultimately unsuccessful—to seize control of territory encompassing modern Bolivia (then known as Upper Peru), Paraguay, and Uruguay. After the 1816 Congress of Tucumán formally declared Argentine national independence from Spanish rule, the first national military, the Army of the United Provinces of South America, was created from the remnants of the expeditionary forces (see *The United Provinces of South America*, ch. 1).

San Martín's Legacy

Between 1816 and 1820 the final defeat of Spanish colonial forces in the southern region of the South American continent was achieved, largely through the planning and prowess of criollo general José de San Martín, the individual recognized as the national hero of Argentina as well as the liberator of Chile and Peru. As a result of San Martín's military victories, Argentina's freedom from the threat of colonial domination was guaranteed at last.

The crossing of the Andean mountain range from Argentina into territory comprising modern Chile by San Martín's Army of the Andes has been considered one of the most difficult and daring military operations ever conducted. When the army set out on its first campaign in January 1817, it counted among its regular personnel some 3,000 infantry soldiers, 700 mounted grenadiers, and at least 250 artillery troops. This force, in turn, was supported by mule drivers, armorers, and miners who were responsible for keeping the mountain passes open. A volunteer militia of 1,200 to 1,500 men—many, former Blandengues—also took part in the expedition. The army's 20-odd pieces of artillery, including howitzers, were said to have been dragged over 300 kilometers at altitudes up to 3,600 meters.

The initial invasion and attack on Spanish forces posted on the western slopes of the Andes was accomplished as San Martín divided his troops into four diversionary detachments—composed roughly of 100 men each—and two columns made up of the balance of the force. The first battle between the independence fighters and the royalists took place in mid-

February 1817 as the two main columns reunited with extraordinary precision and roundly defeated the surprised Spanish troops. The Battle of Chacabuco, as the first major confrontation became known, marked the turning point for the Spaniards' fortunes in the region. After the Battle of Maipú in April 1818, in which the colonial forces were again definitively beaten by San Martín's men, the Spanish surrendered, and the independent nation of Chile was created. After the victory, San Martín assembled a new 4,000-man army, which he named the United Liberating Army of Peru, and a naval force of some 1,600 sailors. Using Chile as his base of operations, he proceeded to drive the Spanish from Lima, their last stronghold on the continent, and secure the independence of Peru, a feat he accomplished in mid-1821.

The War with Brazil and the Creation of Uruguay

War between Argentina and the Empire of Brazil grew out of the latent colonial rivalry between Spain and Portugal over control of the Banda Oriental, territory comprising present-day Uruguay (see Unitarians and Federalists, ch. 1). Portuguese forces seized the area after the defeat in early 1817 of the army led by José Gervasio Artigas, Uruguay's erstwhile independence leader who also had participated in the struggle for Argentine independence. Relations between Argentina and Brazil remained tense over the ensuing years and deteriorated precipitously after 1824, when bilateral negotiations for the creation of an independent Uruguayan nation were broken off. The April 1825 invasion of the Banda Oriental launched from Argentine territory by a group of Uruguayan patriots, the Thirty-Three Immortals (also sometimes referred to as the Thirty-Three Easterners, or Orientals), sparked an insurgent movement in the disputed area as they were joined by several thousand supporters. Accusations were leveled by Brazil that Argentina had provided material support for the invasion.

By May 1825 war seemed imminent. The Argentine government, however, had by then neither a standing army nor a naval force at its disposal. During the years of political chaos and civil war that followed independence, both military bodies had fallen apart. On May 31 a new national army was organized, with a general staff, four infantry battalions, six cavalry regiments, an artillery battalion, and a company of engineers. Each of the nation's nine provinces was called upon to send a complement of soldiers proportionate to the size of its popula-

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tion, which was to be determined by the national government. On the eve of battle a naval squadron commanded by the Irish-born Admiral Guillermo Brown was organized. Supreme command over both forces rested with Argentina's first national president, Bernardino Rivadavia.

In December 1825 Brazil declared war on Argentina for allegedly having broken its neutrality in aiding the Uruguayan insurgents, a claim denied by the Argentine government. During the first year of the conflict, most of the battles occurred at sea as the small, poorly equipped navy sought to break Brazil's blockade of the port of Buenos Aires. The army remained in a state of disarray, however. Nearly half its 8,000 troops had been forcibly recruited and were unwilling and unprepared to fight. There was also a severe shortage of weaponry. Of the 1,331 carbines reported in the Argentine arsenal in January 1826, only 54 were serviceable.

The Argentine forces were at a disadvantage in the face of the better trained and equipped Brazilian military, yet they were soon able to win many of the war's battles. Contributions collected by the national government from the Argentine population initially enabled the Argentine army and navy to equip themselves. Subsequently the Argentines were able to confiscate weapons and equipment from fallen or retreating Brazilian forces. At the Battle of Juncal in February 1827, the Argentine navy was said not only to have beaten the Brazilian naval squadron it engaged but also to have incorporated into its own fleet the defeated Brazilians' remaining ships. Later that same month the war's major land battle, the Battle of Ituzaingó, was fought and won by the Argentine army.

The conflict lasted nearly three years until its mediated settlement resulted in the creation of Uruguay as an independent buffer state between the two rival powers. Under the terms of peace agreed to in mid-1828, both countries were to withdraw their military forces over a two-month period and pledged to guarantee Uruguay's independence for the next five years. Britain, the mediator and a not wholly disinterested party to the dispute, managed to keep Argentina from annexing Uruguay and thus to prevent it from controlling the Río de la Plata estuary.

Anarchy Versus National Order

The first 20 years of Argentine independence were characterized by an almost continuous state of civil war. Political

power struggles between Buenos Aires, which had already developed into the country's major urban center, and the provinces had resulted in the emergence of numerous regional caudillos. Each caudillo had organized his own private army—composed of gauchos, Indians, and even fugitives from justice—for whom he provided weapons and lodging. The provincial caudillos regularly formed and broke alliances and warred among themselves. The government in Buenos Aires, however, usually remained their principal enemy. Even before the end of the war with Brazil, a renewal of the civil war had resulted in the desertion of Argentine army troops, who returned to fight in their home provinces and thus contributed to Rivadavia's resignation from the presidency in 1827. After the peace treaty with Brazil was signed, the national army quickly fell apart and was not reorganized until nearly a quarter-century later.

By the late 1820s Juan Manuel de Rosas had distinguished himself as one of the most powerful of the caudillos (see *The Dictatorship of Rosas, 1829-52*, ch. 1). In late 1829 the legislature recognized Rosas for his role in leading a militia of some 600 men against a mutinous general who had deposed and executed Buenos Aires' provincial governor the year before. The legislature named the caudillo the new governor of the province of Buenos Aires, gave him unlimited powers for a three-year term, elevated him from the rank of army colonel to that of brigadier general, and bestowed upon him the honorific title of Restorer of the Laws.

Anarchy again prevailed for three years after Rosas' first term. In 1835 the legislature reappointed Rosas governor of the country's most powerful province, and he returned from leading an expeditionary force against the Indians to restore order in the capital once more. During this term, which lasted five years, Rosas' Machiavellian pretensions were barely concealed as he managed to play the other provincial caudillos against each other and to manipulate them in his favor.

National unification, according to some accounts, was one of Rosas' main contributions to Argentine history. His "order," however, was achieved at a high social cost. Between 1840—when his third term as governor began—and his demise 12 years later, thousands of Argentines were murdered in a campaign of state-sanctioned terror designed to eliminate all opposition to Rosas' government. In addition to his well-cared-for army, which had swelled to almost 30,000 troops, Rosas relied for his security on the *Mazorca*, a popular support organization

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that evolved into a secret police composed of spies and assassins loyal only to the dictator.

Various groups rose in opposition to the dictatorship, but lacking sufficient military strength, all were defeated until the campaign against the government that was organized and led by General Justo José de Urquiza, a former Rosas ally. Urquiza's Great Liberating Army was made up of former soldiers from Rosas' army, members of other government opposition organizations, and forces from Brazil and Uruguay which, after years of intrigue against them by the Argentine caudillo, were anxious for Rosas' defeat.

At the Battle of Caseros in February 1852, Urquiza's army of some 28,000 men confronted Rosas' troops, which by then numbered only 23,000. Almost 7,000 of Rosas' men were captured along with their arms and munitions; some who had deserted to join Rosas' army were hanged or decapitated by Urquiza's soldiers. Casualties from the conflict ran as high as 1,500 dead and wounded, of whom some 600 belonged to the Great Liberating Army. Even before the fighting ended, Rosas abandoned his command and fled to nearby Buenos Aires. Once there, he renounced his leadership before the legislature and by the following day had departed on a British warship bound for Britain.

For nearly 10 years following Rosas' defeat, two national military bodies coexisted, each with a command structure independent of, and politically opposed to, the other. The dividing issue pertained to the ever contentious relationship between Buenos Aires and the provinces. The Army of the Confederation, created under the 1853 Constitution and commanded by Urquiza, was ultimately defeated in 1861 by the Army of Buenos Aires led by Bartolomé Mitre. By 1862, when Mitre became the first president of the Argentine Republic, the soldier-statesman had incorporated into his force segments of Urquiza's army and ushered in the era during which the Argentine armed forces finally became a consolidated national institution.

The War of the Triple Alliance

The War of the Triple Alliance, also referred to as the Paraguayan War, was the longest and possibly the bloodiest international conflict in the history of the Western Hemisphere. Long-standing border disputes by Argentina and Brazil with Paraguay, political unrest in Uruguay, and the bravado of

the Paraguayan dictator Francisco Solano López combined to produce the five-year conflict that began in 1865 (see *The Paraguayan War, 1865-70*, ch. 1).

Argentina initially sought to maintain neutrality when the first skirmishes took place in 1864 between Paraguayan and Brazilian troops. In March 1865, however, Argentina denied a Paraguayan force the right to pass through national territory on its way to wage war with Brazil. This refusal prompted Solano López to order a surprise attack on the Argentines—without publicly issuing a formal declaration of war—in which two warships anchored at the port of Corrientes were attacked by a Paraguayan naval squadron. Two months later the Treaty of the Triple Alliance, Latin America's first mutual defense pact, was signed by Argentina, Brazil, and Uruguay. Under the terms of the treaty, the three unlikely allies pledged to wage war against Paraguay until Solano López fell.

Mitre became the commander in chief of the allied army and delegated his responsibilities as chief of state to his vice president. A Brazilian admiral held the command of the allied navy, which was composed almost entirely of Brazilian vessels. (Some historians argue that the lack of a unified command structure contributed to the war's prolongation.) Argentina still suffered from internal conflict—caused by remaining belligerent caudillos and raids by Indians—yet the government managed to assemble a force of some 22,000 men during the first few months of the war. The initial Argentine force consisted almost entirely of volunteers (*enganchados*), forced recruits (*destinados*), and members of the national guard, a civilian militia. Brazilian troops, which tolerated almost 38,000 men, made up the balance of the allied force except for a few thousand Uruguayan soldiers. In contrast, the Paraguayan army was composed of 18,000 professional troops and a 45,000-man trained reserve; a second, less-prepared reserve force of 50,000, the members of the Paraguayan militia, was also available for fighting. The Paraguayan army was then known as one of the best trained and best organized ground forces of the Western Hemisphere.

During the first year of the war, the allies repeatedly defeated Solano López's army, which had made the grave error of dividing itself to attack from two fronts. By late October 1865, only months before the final battles on Argentine territory were fought, some 17,000 Paraguayan soldiers had been captured or killed. In addition to battle-related deaths, deaths from disease, including cholera, had helped decimate the

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Paraguayan force. Allied casualties were estimated at only 2,500 men.

The May 1866 Battle of Tuyuti, the first battle of the allies' Quadrilateral Campaign, stood out as one of the bloodiest confrontations in Latin American history. After only five hours of fighting, 17,000 soldiers had been killed or wounded. Only 4,000 of the casualties belonged to the triumphant allied army. The allies' fortunes shifted radically, however, at the Battle of Curupayty in September, in which 50 Paraguayan and 9,000 allied troops were killed in a poorly organized land and naval operation.

Nearly 18 months of virtual inactivity followed, during which the allies struggled to maintain their supply lines and coordinate land and naval operations in the wake of their crushing defeat. By early 1868, when Mitre passed on his command to a Brazilian, Argentine participation in the war had declined. The last great battles of the war were fought at Itaitaté (also referred to as Lomas Valentinas), Paraguay, in December 1868, during which the remaining forces of the Paraguayan army were almost completely destroyed. The following month the allies seized the Paraguayan capital of Asunción. In March 1870, when Solano López was killed in battle, the war ended.

Early Professionalization Efforts

The final three decades of the nineteenth century witnessed the beginning of the Argentine armed forces' modernization and professionalization. Formal education programs for those aspiring to military careers were incorporated into professional training; new armaments and equipment improved the armed forces' fighting capabilities and served to boost its prestige. General staff organization was modernized and institutionalized during the 1890s. By 1900 foreign military advisers, almost all former Prussian army officers, had arrived to help expand and refine the forces' capabilities.

During the presidency of Domingo Faustino Sarmiento (1868-74), the Military College and the Naval Military School, the first service academies, were established for the army and the navy. Admission was open to any healthy Argentine male aged 14 to 18 who could pass an entrance examination. Graduates from the three-year program offered by the Military College became second lieutenants in either the infantry or the cavalry. Those completing the five-year program were com-

missioned as first lieutenants (*tenientes*) and assigned to the artillery corps, the engineering corps, or the General Staff. Top-ranking graduates from the three-year program were also awarded first lieutenants' commissions after 1884.

The acquisition of arms and equipment was an important component of the armed forces' modernization. In the early 1870s the Remington rifle and carbine were introduced and became standard issue for the Argentine infantry and cavalry, respectively. These weapons were said to have provided the government the decisive advantage required to put down continuing insurrections and to "pacify" the Indian population during the 1880s. The Gatling machine gun, which was first employed by the Argentine military during the War of the Triple Alliance, remained the single most important weapon for the artillery corps through the early 1890s, even though various models of the Krupp breech-loading field gun were also acquired.

The navy also benefited from the procurement and modernization program. The principal mission of the navy until the 1870s had remained the transport of troops and military supplies and, to a lesser extent, the patrolling of the country's inland waterways. During this decade the first efforts were made to develop a seagoing navy that was capable of patrolling the Patagonian coastline and the Strait of Magellan, an area that was being contested by Chile. Naval bases, such as Puerto Belgrano, and regional commands were established to facilitate the patrol of Argentina's Atlantic coast.

Modern steam-powered and iron-clad vessels were first added to the Argentine fleet in the 1870s. The ships constructed during the following two decades included monitors, torpedo boats, corvettes, and gunboats, all of which were laid down in Britain or Austria. During the 1890s friction with Chile led to a renewed effort to modernize the fleet and the consequent acquisition of armored cruisers and destroyers. The need for trained personnel to maintain the new fleet resulted in the opening of the Naval Mechanics School in 1897. By 1915 Argentina was noted for having the largest navy in Latin America.

Julio Argentino Roca, who served as president from 1880 to 1886 and again from 1898 to 1904, was the Argentine leader most responsible for the institutional development and consolidation of the armed forces. Although Roca was an army general—whose support from other senior officers had proved crucial during his first electoral bid—his tenure in office was

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distinguished by his efforts to restrict the heretofore increasing participation of the military in national political life. Both military discipline and supremacy of civilian authority over the armed forces were emphasized.

The implementation of changes in the organizational structure of the military was also part of Roca's efforts to modernize and professionalize the armed forces. By 1882 four divisions, each having its own staff, had been organized as the largest troop formations in the army's force structure. Two years later the overall command of the army was reorganized, and the old General Inspectorship and Troop Command was replaced by the Permanent General Staff, which was divided into seven administrative sections. The reorganization also extended to the country's naval force when, in 1898, the functions of the Ministry of War and Navy were divided, and the Ministry of the Navy was created under the command of Comodore Martín Rivadavia, grandson of the president and the individual for whom the city of Comodoro Rivadavia was named.

German Military Influence

By the turn of the century increasingly hostile relations with Chile—and what seemed the threat of imminent war—coupled with the government's continuing desire for a modern military establishment brought into focus the need for advanced professional training. In 1899 the first foreign military advisers—all of them German—arrived in Buenos Aires. The following year the Superior War College was opened as the army's staff school. The school's first director, Colonel Alfred Arent, was a retired Prussian army officer, as were almost half its instructors during the school's early years.

The two-year program at the Superior War College initially was designed for first lieutenants and captains, young officers who had completed their training at the Military College. Approximately half the school's first class of 41 students, however, was composed of majors and lieutenant colonels. Admission requirements included a minimum of two years' military service, the recommendation of one's commanding officer, and satisfactory performance on the entrance examination. The first year of the program emphasized theory and included courses in military history and geography, international law, French, German, the natural sciences and geodesy, and courses that were directly related to service as a general

staff officer. The second year's emphasis was on practice, including the planning and execution of military exercises and field maneuvers.

The influence of the Prussian military system was by far the most dominant foreign influence in the development of the Argentine armed forces around the turn of the century. Beginning in the 1890s Germany became the almost exclusive supplier of the Argentine army's equipment and armaments. The Remington and the Gatling gun were both replaced by German weapons manufactured by such companies as Mauser and Maxim-Nordenfeldt. In the decades preceding World War I, when the German army was at the peak of its prestige, tenuous military relations between Argentina and other European countries, which included Belgium, France, and Italy, were slowly phased out.

In addition to receiving some 30 German military advisers, Argentina sent between 150 and 175 Argentine army officers to Germany for training before the outbreak of World War I. Between 1905 and 1914 these officers, including the top-ranking graduates of the Superior War College, received additional professional instruction at Germany military schools, acted as observers during field maneuvers, and occasionally served with German regiments. The same officers who had been trained abroad subsequently provided the core leadership for the Argentine armed forces during the 1920s and 1930s.

The Prussian military system also influenced the organizational structure of the Argentine armed forces. German advisers reportedly participated in drafting the 1901 organic law regulating conscription, known as the Ricchieri Law, which was named for the minister of war who sponsored it (see Conscription and the Reserves, this ch.). In 1907 the Argentine armed forces officially adopted the German war doctrine, began to use the German ground troops' field manuals, and modified the general staff organization to resemble the German model more closely.

The participation of German military officers in the development of the Argentine armed forces declined after the outbreak of World War I in 1914. Despite the German military's relative loss of prestige after its defeat, the two countries' relationship was resumed in the postwar years and continued until 1940. Speculation existed that Germany's early influence in Argentine military development had contributed to the strong support for the Axis powers evidenced by many Argentine officers throughout World War II.

The Modern Armed Forces

The 1930s marked a new phase in the armed forces' development that signaled the apparent failure of attempts to divorce the military from politics that began some 50 years before. The September 1930 coup that ousted the aged and, by most accounts, senile President Hipólito Yrigoyen was facilitated by the expansion of the force during the 1920s, when it had benefited in terms of both increased personnel—mainly because of conscription—and expenditures. The regular and often intense participation of military officers, especially army officers, in national political life became a feature of the Argentine system when some six coups d'état were launched by the armed forces between 1930 and 1980.

The involvement of army personnel in the political process led to a deep rift between it and the navy, which refrained from becoming a political actor during the 1930s, and also caused a division within the army itself as two major factions struggled for ideological ascendancy. The legalist faction, which had backed the Yrigoyen government, tended to support a market-oriented economic system and a constitutional democracy. Its members generally favored keeping the armed forces out of politics and subordinate to civilian authority. The corporatist-nationalist faction was associated with authoritarian tendencies and, modeling itself on the ideals set forth by Benito Mussolini in Italy, was contemptuous of civilian authority and wholly supported the involvement of the military in politics. Both factions continued to exist within the Argentine military institution into the 1980s, when the same fundamental issue regarding the nature of civil-military relations, though often cloaked in new semantics, continued to divide the service (see *The Military as a Political Force*, ch. 4).

Despite the world economic downturn, the armed forces continued to grow throughout the 1930s and 1940s. The total number of military personnel doubled from 50,000 at the time of the 1930 coup to 100,000 in 1943, when the coup led by army officers of the secret military lodge, the Unification Task Force (*Grupo Obra de Unificación—GOU*—see Glossary), enabled Juan Domingo Perón, then an army colonel, to reach the national political arena. In 1945 military expenditures accounted for over 50 percent of the national budget, a proportion unmatched in Argentine history. By the end of the decade, military manpower again had nearly doubled. Army personnel, including conscripts, composed about half the active-duty troops.

The organizational structure of the military also changed to keep pace with the exponential growth in manpower. The number of army divisions had increased from five in 1920 to nine in 1945. In addition to the military regions established for ground forces in 1905, the First Army Command and the Second Army Command were created in 1938 to better coordinate divisional operations. The Military Aviation Service, organized under the army's command in 1912, became the Argentine Air Force in 1945 and was given its own independent command.

During World War II the Argentine government maintained a position of official neutrality until it became apparent that the Axis powers would be defeated. In March 1945 Argentina joined the Allies, declared war on Germany and Japan, and the following month signed the Act of Chapultepec (see Constitutional Provisions and Treaty Obligations, this ch.). Because of its reluctance to support the Allied cause, Argentina became the only Latin American country that did not receive United States Lend-Lease Aid. The war in Europe also had cut off the country from its traditional military suppliers. The realization of Argentine dependence on foreign suppliers sped up the development of a domestic military industry under the direction of the armed forces' General Directorate of Military Manufactures (Dirección General de Fabricaciones Militares—DGFm), which had been established in 1941. By the end of the decade, the DGFm's military industries had developed a submachine gun, a 75mm infantry gun, and a medium tank similar to the Sherman and was constructing minesweepers as well as smaller vessels at local shipyards (see Military Industry and Exports, this ch.).

As World War II ended and the Cold War began, relations between the United States and Argentina became more cordial. Normal diplomatic relations were restored in June 1947 after the United States government was satisfied that Argentina had complied with the provisions of the Act of Chapultepec by arresting or deporting the Axis agents reported to be in the country. In September Argentina joined other Latin American nations and the United States in signing the Inter-American Treaty of Reciprocal Assistance (Rio Treaty). Despite some continuing resistance by the United States Department of State, President Harry S Truman again allowed Argentina to purchase United States-manufactured military equipment. Items purchased included submachine and Browning machine guns, howitzers, and 90mm antiaircraft guns. Also acquired,

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though from various sources, were some 200 United States-built Sherman tanks, many of which remained in service in the mid-1980s.

After President Perón was deposed by the military in 1955, the size of the armed forces, which had numbered about 200,000 personnel, began to decrease. By the early 1960s the armed forces had shrunk to some 140,000 troops, of which 85,000 belonged to the army. Between 1955 and 1965 the army was reorganized twice. Shortly after Perón's ouster, five army corps—each assigned to one of the five military regions—were created, replacing the two army commands. By 1963 an army corps was abolished, and its jurisdiction collapsed into that of a contiguous military region. Brigades were also created in 1964, replacing divisions as the army's formations.

During the 1960s factionalism within the armed forces, attributed to their intense participation in politics, increased greatly. Between 1962 and 1966 two civilian presidents, Arturo Frondizi and Arturo Illia, were ousted by military coups. After each of the coups, the legalist and the conservative factions—then called the blues (*azules*) and the reds (*colorados*), respectively named for the colors used by war game participants—struggled for control of the national government. Both groups supported an eventual return to civilian rule, but a third, more hard-line group, known as the *golpistas*, favored military rule for an indefinite period. Despite their divisions, the major military factions were united in opposing Peronism and all that this movement associated with the former president represented.

Ties between the Argentine armed forces and their United States counterparts remained close throughout the 1960s. The initial attempt by the civilian Frondizi government to maintain a neutral position in the wake of the Cuban Revolution was said to have enraged the Argentine officer corps, which had already developed an antipathy toward communism. During the October 1962 Cuban missile crisis—after Frondizi's ouster—Argentine search and rescue aircraft operating out of Florida joined the United States in maintaining the blockade of the island. Two Argentine naval destroyers left Buenos Aires three days after the blockade was imposed and were en route to the Caribbean when the crisis was resolved the next day, October 28. In 1964 a military assistance agreement was signed by the two governments that provided for Argentina's acquisition of modern weaponry and for trips by various United States advi-

sory missions to the country. Military equipment purchased from the United States during the second half of the decade included armored personnel carriers, light tanks, various models of fixed-wing aircraft and helicopters, and a dock landing ship.

The National Security Doctrine

During the mid-1960s the armed forces began to interpret national security as being inextricably linked with national economic development. This premise provided the foundation for what subsequently became known as the National Security Doctrine. After the 1966 coup that brought retired general Juan Carlos Onganía to the presidency, the Act of the Argentine Revolution reorganized the military's command structure based on the precepts of the nascent National Security Doctrine. "National security" was henceforth vaguely defined as the "situation" in which Argentine "vital interests" were safe from "substantial challenges or disturbances." In turn, "national defense" became the means to achieve the goal of "national security." The effect of the reorganization law was that the security of the state became tied to that of the regime in power; national defense became dedicated to the regime's preservation.

The institutional aspects of the reorganization were embodied in the National System of Security Planning and Action, under which two councils, the National Security Council and the National Development Council, were created. The two bodies stood at the apex of the state planning structure and, according to General Benjamín Rattenbach, one of the principal architects of the plan, constituted "the national government itself, at its highest level." All policies and strategies subsequently developed by the government were to be reviewed and coordinated in terms of their "two vital aspects, development and security."

Some scholars argue that the United States promotion during the 1960s of the concept of "internal defense and development" influenced the development of the National Security Doctrine. Measures advocated by the concept included civic action and other military-sponsored economic development programs as a means to contain insurgency. According to one authority on the development of the national security state in Latin America, the concept's introduction opened a Pandora's box as the military gradually assumed increasing responsibility

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for national development. This new role merged with indigenous theories, many bearing Germany's early influence, on the organic nature of the state and geopolitics and together shaped the political beliefs subsequently embodied in the National Security Doctrine. By 1969 the armed forces institution viewed itself as the trustee of the nation's destiny, and the containment of "internal warfare" was officially added to the armed forces' mission.

When extremist political violence increased during the early 1970s, the doctrine became directly associated with the elimination of left-wing subversion and, after the implementation of the National Reorganization Process by General Jorge Rafael Videla's government in 1976, was used to justify repression carried out by the armed forces against broad segments of Argentine society in which thousands were murdered or "disappeared" (see *The War Against Subversion*, this ch.). After Alfonsín assumed the presidency, the doctrine was no longer supported by the government, and the law that regulated national security planning was abandoned, according to the civilian administration, "by virtue of disuse" (see *Operational Command, Deployment, and Equipment*, this ch.).

Constitutional Provisions and Treaty Obligations

After the March 1976 military coup, the 1853 Constitution was suspended, and a new document, the Statute for the National Reorganization Process, was promulgated to provide legitimacy for the military government (see *The National Reorganization Process, 1976-83*, ch. 1). Extraordinary authority was conferred upon the armed forces by the statute: a military junta, composed of the three service chiefs, became "the Supreme Organ of the Nation" and assumed power previously delegated among the executive, legislative, and judicial branches of the federal government. Shortly before the inauguration of President Alfonsín in December 1983, the statute was repealed and the 1853 Constitution fully restored.

Under the provisions of the 1853 Constitution, the president serves as the supreme head of the nation and acts as commander in chief of the Argentine armed forces. In such capacity he reserves the right to determine the "organization and distribution" of the armed forces "according to the necessities of the Nation." Military officers holding the rank of colonel and above are appointed by the president with the consent

of the Senate. Such consent is not required for presidential appointments made "on the field of battle."

The executive power vested in the president includes the authority to declare war, pending the authorization and approval of Congress. The presidency also is charged with responsibility for negotiating and signing "treaties of peace, . . . of alliance, of boundaries, and of neutrality." The president is empowered to unilaterally declare a state of siege, during which constitutional guarantees are suspended, only when "internal disorders" occur while Congress is in recess. In the event of foreign attack, the president is authorized to declare a state of siege only with the consent of the Senate and for a limited period. The president also reserves the right to convoke extraordinary sessions or extend regular sessions of Congress "when some grave interest of order or progress requires it."

Congress bears the specific responsibility to "authorize the Executive Power to declare war or make peace." While in session, it is charged with declaring a state of siege in the event of internal disturbances; it also bears the right to approve or suspend any state of siege declared by the president during a recess. The size of the armed forces during both peace and war is set by Congress, which also establishes the "regulations and rules for the government of such forces." Congressional authorization is required for Argentine troops to leave national territory and for foreign forces to enter it. Congress also exercises "exclusive legislation" throughout Argentine territory over military bases and properties, which are deemed "establishments of national utility."

Argentina is a supporter of collective security in the Western Hemisphere. The Act of Chapultepec was signed by Argentina in April 1945, the week after it declared war on Germany and Japan, and stipulated that, in the event of threat of aggression across national borders, the parties to the act would consult to agree upon measures, including the possible use of military force, to prevent or repel such aggression. The act also recommended consideration of creating a permanent agency responsible for hemispheric defense and, as part of a supplementary resolution, provided for the continuation of the Inter-American Defense Board, established in early 1942.

In September 1947 Argentina signed the Inter-American Treaty of Reciprocal Assistance (Rio Treaty), which expanded upon the Act of Chapultepec to provide for the collective defense of Western Hemisphere nations against an armed at-

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tack by nonsignatory powers. The terms of the treaty constrained signatory nations to the peaceful settlement of disputes among themselves. Argentina was a founding member of the Organization of American States (OAS), the regional organization responsible for determining when the Rio Treaty's provisions should be implemented. As a member of the OAS, Argentina was obligated first to seek redress for defense-related grievances at that forum before presenting them before the United Nations (UN).

As of mid-1985 Argentina had not signed the 1968 Treaty on the Non-Proliferation of Nuclear Weapons. Throughout the 1970s the Argentine military government maintained that the treaty's terms interfered with the acquisition and full use of nuclear technology for peaceful purposes by developing nations. This position appeared not to have been altered substantially under the Alfonsín administration, when in early 1985 the government reiterated its rejection of the treaty on the grounds that it discriminated in favor of nuclear-weapon states.

In spite of the rejection, the Argentine government, even while ruled by the military, repeatedly voiced support for non-proliferation and disarmament. One report in mid-1985 noted that the Alfonsín government had appointed a special ambassador for peace and disarmament who would represent the country at the September meeting in Geneva of the newly created Group of Six. There was also speculation that Alfonsín would attend the Geneva meeting, as he had the group's first meeting in New Delhi in January. At this meeting the Group of Six—composed of the heads of state of Argentina, Greece, India, Mexico, Sweden, and Tanzania—made Alfonsín its president and issued the New Delhi Declaration calling for an international ban on the use, or threat of use, of nuclear weapons.

In 1985 Argentina continued to participate in the International Atomic Energy Agency (IAEA), as it had since that body's creation in 1956. On various occasions the Argentine government sponsored conferences and supplied technical assistance to other developing countries under the organization's aegis. With respect to the IAEA's safeguards agreements, however, Argentina supported only those that pertained to the transfer of original facilities and objected to limitations the agency imposed on technology transfers as well as conditions on the subsequent use of safeguarded materials. In 1985 Argentina did not permit inspections by the IAEA of its nuclear facilities and reserved the right to conduct peaceful nuclear

explosions (see Nuclear Development and Capabilities, this ch.).

Argentina was a signatory of the Treaty for the Prohibition of Nuclear Weapons in Latin America (Tlatelolco Treaty) and, at the time of the signing in 1967, had announced its intention to ratify it. By 1985, however, such ratification had not occurred. The basic provisions of the Tlatelolco Treaty, which was open only to Latin American nations, prohibited the development, acquisition, and testing of nuclear weapons by Latin American states. It also established a regional control organization, similar in scope to the IAEA, for verification of compliance with the treaty. Argentina objected to the treaty's restrictions on the development and testing of nuclear weapons, instead maintaining that the treaty must allow for the indigenous development of nuclear devices to be used for peaceful nuclear explosions. The intent of the user, Argentina argued, was the key factor in distinguishing peaceful nuclear explosions from those of weapons being tested.

The 1959 Antarctic Treaty, which came into effect in 1961, also had ramifications for Argentine national security. In addition, the country's long-standing territorial dispute with Chile was settled by the Beagle Channel Treaty, which was ratified in early 1985.

The Organization of the Armed Forces

The Reorganized Command Structure

Exactly 24 hours before the elected Alfonsín administration took office in December 1983, the military junta—the fourth that had ruled the country since the March 1976 coup—surrendered control over the armed forces to their fellow officer and president, Reynaldo B. Bignone. Upon his inauguration on December 10—in accordance with the reinstated 1853 Constitution—President Alfonsín became the commander in chief of the armed forces. Under the new civilian government, responsibility for the day-to-day operations of the armed forces was turned over to Minister of Defense Raúl Borrás, a civilian and close political ally of the president. After Borrás' death in May 1985, Roque Carranza, an industrial engineer who previously had served as Alfonsín's minister of public works and services, was appointed the new minister of defense. The key positions of defense secretary—the second highest position in the ministry, held by José Horacio Jaunarena—and

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defense production secretary, held by Raúl Tomas, remained unchanged after they were reappointed by the new defense minister. By August 1985 there was little indication that Caranza's appointment signaled any shift in Alfonsín's policy for the slow but steady reorganization of the armed forces begun in December 1983.

The long awaited plan for the sweeping reorganization of the Argentine armed forces was submitted to the national legislature in April 1985. In mid-August the Chamber of Deputies approved the bill after some eight hours of floor debate. The proposed reorganization was then subject to Senate debate and approval before becoming law. The proposed reorganization law superseded the statute enacted in 1966 during the presidency of Onganía (see *The National Security Doctrine*, this ch.). Included in it were provisions for the establishment of various new governmental bodies with defense-related responsibilities.

The new National Defense Cabinet was assigned the specific mission of advising the president on the adoption of appropriate strategies and coordinated plans of action for the resolution of pending conflicts. Members of this cabinet included the vice president and the ministers of defense, foreign relations and worship, and the economy. The Ministry of Defense was assigned to be the National Defense Cabinet's working organ (*órgano de trabajo*). The law also granted the president the right to invite others, as he deemed necessary, to join in the deliberations of the cabinet.

The new Military Committee was charged with the responsibility to advise the president in the realm of military affairs and was assigned the specific mission of assisting in the conduct of military actions. Members of the committee included the minister of defense and the Joint Chiefs of Staff, the entity designated as the committee's working organ. In this case also, the president reserved the authority to invite the participation of others whose input to the committee might prove useful.

In terms of the armed forces' organizational structure, the minister of defense was given expanded responsibilities in decisions affecting the national defense. Even before the submission of the proposed law to Congress, the Ministry of Defense had assumed authority over decisions affecting troop deployments, officers' promotions, and the armed forces' budget. The members of the Joint Chiefs of Staff, all of whom were presidential appointees, were subordinate to the Ministry of De-

fense. According to the law, the objective of the structural reorganization was to allow for the creation and effective coordination of strategic operational commands or territorial commands. A less publicized consideration was that of circumventing interservice rivalries, a factor that had impeded the joint operations of the Argentine armed forces during the South Atlantic War (see *The South Atlantic War*, this ch.). A joint military planning board was to be created to make recommendations to the president regarding the composition and size of the armed forces. The proposed law also provided for the establishment of the National Intelligence Headquarters, which would become the government's principal intelligence agency and would be responsible only to the chief of state.

Military Expenditures

The total budget established for the Argentine armed forces in 1984 was roughly the equivalent of US\$2 billion. Military expenditures for 1984 were 40 percent lower than those presented in the 1983 budget, which had been prepared while the military junta ruled the country. After a four-month delay, the 1985 defense spending plans were submitted to Congress in early 1985. Although the amount of the proposed expenditures was not available, spending plans were reported not to have varied substantially from those approved in 1984.

Because of the fluctuating value of Argentine currency and the nation's extraordinarily high inflation rate, data presented on Argentine military expenditures were often tied to gross domestic product (GDP—see Glossary) or overall government spending. According to the Ministry of Defense, the 1985 proposed budget represented slightly over 3 percent of GDP, compared with 2.7 percent in 1984 and more than 5 percent in 1982 and 1983. At the same time, the government hoped to hold military expenditures in 1985 at approximately 14 percent of total public spending. The Alfonsín administration also hoped eventually to reduce armed forces expenditures to 2 percent of GDP.

The military budget cutbacks during the initial years of the Alfonsín administration were made more difficult by the armed forces' obligation to make payments on the large debts owed to domestic as well as foreign suppliers. One report estimated that between 1978 and 1982 the military juntas had spent some US\$10 billion on foreign arms purchases. Another stated that in early 1985 the army's debt to civilian suppliers

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alone stood at over US\$1 billion. An April 1985 Ministry of Defense report estimated that the total foreign debt of military-related corporations—including those under the jurisdiction of the Ministry of Defense, the armed forces, and the National Antarctic Department—totaled close to US\$4 billion at the end of 1984. Of this debt, it was estimated that close to US\$1 billion—an amount equivalent to approximately 1 percent of GDP—would have to be paid off each year between 1986 and 1988, in accordance with agreements on the refinancing of Argentina's foreign debt. Such unprecedented foreign obligations led to a reapportionment in the distribution of budgeted funds. In 1985 the army, which since the early 1970s had received at least 40 percent of military expenditures, found its share reduced to only 30 percent because of the navy's foreign debt obligations. As a result, the navy obtained slightly over 42 percent of available funds, a 9-percent increase over its traditional share. The air force, which traditionally received one-fourth of expenditures, was scheduled to receive about 23 percent.

The officer corps of all three services warned that the budget cutbacks had damaged the armed forces' operational capabilities and morale and, if continued, would cause "irreparable damage" in terms of the armed forces' equipment, maintenance, and training programs. Nevertheless, the Alfonsín administration continued to view the defense budget as one of the few areas where major budget savings might be most easily achieved. In responding to the officer corps' criticism, a government report maintained that the 1985 defense budget was set "low enough to make military reorganization necessary, but not so low as to cause conflicts and problems capable of hampering essential and organizational tasks."

Operational Command, Deployment, and Equipment

In 1985 the armed forces were divided into three services, the Argentine Army (Ejército Argentino), the Argentine Navy (Armada Argentina), and the Argentine Air Force (Fuerza Aérea Argentina). The air force was the youngest of the three branches of service, having been given its own command independent from the army in 1945. Included under the command of the navy were naval aviation and the marines. The army also had a small air wing. According to the proposed reorganization, two of Argentina's paramilitary forces, the National Gendarmerie (Gendarmería Nacional) and the Argentine Naval

Prefecture (Prefectura Naval Argentina), fell under the direct authority of the Ministry of Defense. The third force, the Federal Police, remained subordinate to the Ministry of Interior (see *The Ministry of Interior and Internal Security*, this ch.).

Each of the armed services was commanded by a chief of staff who was a member of the Joint Chiefs of Staff. In August 1985 Brigadier General Héctor Luis Ríos Ereñú was army chief of staff; Rear Admiral Ramón Antonio Arosa, the navy chief of staff; and Major General Ernesto Horacio Crespo, the air force chief of staff. For the first time in Argentine history, an air force officer—Major General Teodoro Waldner, the former air force chief of staff—was in command of the Joint Chiefs of Staff. (As of August 1985 Ríos Ereñú and Waldner were soon expected to be promoted to major general and lieutenant general, respectively—ranks that corresponded with their new billets.) These command appointments had been in effect since early March 1985, when new chiefs of the army, air force, and of the joint chiefs of staff were named by President Alfonsín in the second major military shake-up of his administration. The first crisis in July 1984 had led to the resignation of the army chief of staff, a command whose loyalty was critical in maintaining civilian authority over the armed forces.

For 1983, the latest year for which complete published data were available, the International Institute for Strategic Studies' *The Military Balance, 1984-1985* estimated the strength of the Argentine armed forces at some 153,000 full-time professional soldiers, a small percentage of a total population of about 30 million. These personnel were complemented by some 108,000 youth fulfilling their obligatory military service and another 250,000 reservists (see *Conscription and the Reserves*, this ch.). By 1984, however, the number of youth inducted into military service was believed to have dropped to fewer than 50,000, evidence of the drastic measures imposed to cut back the military budget. Based on efforts by the Alfonsín administration to constrain defense spending, it was unlikely that total military manpower would increase substantially, if at all, during the final half of the decade.

The Argentine Army

In 1983 the Argentine Army was composed of some 100,000 active-duty professional soldiers who were complemented by some 80,000 conscripts. By mid-1985 the number

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of professional troops was believed to have dropped to some 65,000 personnel, primarily because of budget cuts. The number of conscripts completing their year of military service with the army also had been reduced to between 32,000 and 35,000. The army's traditional dual mission—that of guaranteeing national defense against foreign threats and conserving domestic peace—remained unchanged in the mid-1980s.

The commanding officer of the Argentine Army in mid-1985, Brigadier General Ríos Ereñú, was the third individual to hold that post since the inauguration of President Alfonsín. He was scheduled for promotion to major general, a rank corresponding to his post as army chief of staff. Before his appointment to that position in March 1985, Ríos Ereñú had served as the commander of the Third Army Corps. Even though he was known as a "young officer," his appointment had forced the retirement of six more senior generals, making him the highest-ranking army officer. He was reportedly associated with the legalist faction within the armed forces. Some Argentines tied his record to activities carried out during the so-called dirty war; nevertheless, he was noted as the first army general to have received in his garrison representatives of the presidential commission investigating the abuses under the previous military government (see *The War Against Subversion*, this ch.).

The headquarters of the Argentine Army's general staff was located at the Libertador Building, which was the site of many military ceremonies in downtown Buenos Aires. Army troops deployed throughout the country were distributed among five military regions and four army corps commands. The bulk of army troops were deployed in the vicinity of Buenos Aires, where some 40 percent of the nation's population lived. The most important army base was the Campo de Mayo, located on the western outskirts of Buenos Aires.

In October 1984 the First Army Corps, which was headquartered at the Palermo Barracks in downtown Buenos Aires, was disbanded by presidential decree, along with other smaller units of military police, "electronics operations companies," and "advance intelligence organizations" that were based in the cities of Buenos Aires, Bahía Blanca, and Fray Luis Beltrán. Command over troops deployed in the territory of the first military region was assumed by the Fifth Army Corps.

The territory, formerly under the First Army Corps' command, included the city of Buenos Aires and almost all of Buenos Aires Province. The Argentine government noted that the

corps was dissolved for budgetary reasons, yet there was some speculation that the political activities of its commanding officers might have been a factor in the government's decision. Personnel garrisoned at the Palermo Barracks traditionally played a significant role in Argentine military politics. The Fifth Army Corps, headquartered in Bahía Blanca, previously held command over troops stationed in southern Buenos Aires Province and the country's three southern provinces—Río Negro, Chubut, and Santa Cruz—as well as the National Territory of Tierra del Fuego.

Each of the military regions under the command of the three remaining army corps was much smaller in terms of territory. The Second Army Corps, headquartered in Rosario, commanded troops deployed in the second military region, encompassing the provinces of Santa Fe, Chaco, Formosa and, in the region of Mesopotamia, the provinces of Entre Ríos, Corrientes, and Misiones on the eastern bank of the Río Paraná. The Third Army Corps had its headquarters in the city of Córdoba and was responsible for troops deployed in the third military region, made up of the provinces of Córdoba, Santiago del Estero, Tucumán, Salta, Jujuy, Catamarca, La Rioja, and San Juan. The Fourth Army Corps was headquartered in Santa Rosa, La Pampa Province, and commanded all troops deployed in that province as well as those in Mendoza, San Luis, and Neuquén—territory corresponding to the fourth military region.

Brigadier generals customarily held the commands of the army corps. There was no definitive structure with respect to the kinds of military units assigned to each army corps. Infantry and cavalry brigades were the largest troop formations in the Argentine Army and were usually composed of three regiments. In the early 1980s major formations that were under the command of the First Army Corps included an armored cavalry brigade and a motorized infantry brigade, in addition to the Buenos Aires detachment at Palermo Barracks made up of the General San Martín Mounted Escort Regiment—known as the San Martín Grenadiers—and the First Infantry Regiment, known as the Patricios. Both of the units at Palermo were part of the presidential guard; their functions were largely ceremonial. It was unclear in 1985 what impact the disbanding of the First Army Corps—and subsequent incorporation of the first military region into the command of the Fifth Army Corps—might have had on the distribution of army units formerly under its command.

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Other major troop formations in the Argentine Army included one mechanized infantry and two motorized infantry brigades, three mountain infantry brigades, a jungle infantry brigade, and an airborne infantry brigade. Efforts were made to organize two additional motorized infantry brigades during 1983. An airborne cavalry brigade, the first of its kind in the Argentine force structure, was expected to have been formed by 1985 but, as was the case with the motorized brigades, it remained uncertain what effect budget cutbacks had on the plan. In August 1984 the Ministry of Defense announced its intention to cut the number of army brigades to six.

Other major army units included four independent cavalry regiments—three of which were horsed, some 16 artillery battalions, at least five air defense battalions, and an aviation battalion. Field support was provided by the army's five independent engineering battalions, as well as by the various logistics battalions that were assigned to the army corps.

Major equipment in service with the Argentine Army in 1985 included some 150 TAM main Argentine battle tanks that were produced in Argentina under the supervision of the armed forces' DGFM (see Military Industry and Exports, this ch.). An undetermined additional number of TAMs were believed to be on order. In 1985 the army still counted in its inventory over 100 United States-manufactured M-4 Sherman Firefly medium tanks, some of which had been in service for nearly 40 years. The TAM medium tanks were slowly replacing the old Sherman models still in use. Also included among the army's armored vehicles were some 60 French-manufactured AMX-13 light tanks and some 300 AMX-VTP mechanized infantry combat vehicles. There was also a domestically manufactured infantry combat vehicle, the VCPT (Vehículo de Combate Transporte de Personal), modeled on the TAM, of which some 150 were in service with the army. The principal armored personnel carriers in the army's inventory included over 100 tracked M-113s and some 80 of the Swiss-manufactured wheeled MOWAG Roland.

The standard light artillery weapon used by the army in 1985 was the M-56 105mm pack howitzer, which was manufactured in Argentina under license with the Italian firm of OTO Melara. During the early 1980s Argentina was also producing two additional models of howitzers, the M-77 and the M-81 155mm towed guns, which had a top carriage similar to that of the French 155mm Mk F3 self-propelled guns—also in use by the army. Also still in use in the mid-1980s were about a

dozen M-101 105mm and M-2 155mm howitzers that were manufactured in the United States during World War II.

Antiarmor and air defense weapons used by the Argentine Army included the Bantam, Cobra, Mathogo, and Mamba anti-tank guided weapons and the Tigercat, Blowpipe, and Roland surface-to-air missiles. Army Aviation, as the air battalion was called, was composed primarily of helicopters and small, fixed-wing transports but also included aircraft used for observation and training missions. The total inventory of the aviation command, including items being delivered, was estimated at close to 300 aircraft in late 1983. Despite defense spending cut-backs, the Argentine government was still accepting delivery in 1985 on military equipment ordered after the 1982 South Atlantic War.

The Argentine Navy

The number of professional personnel belonging to the Argentine Navy was estimated in 1983 at some 36,000 men, including some 10,000 who belonged to the Marines (*Infantería de Marina*) and 3,000 who belonged to Naval Aviation. By 1985 the total number of regular naval personnel had dropped to 28,000. Although the number of conscript personnel carrying out their required two years of service with the navy was some 18,000 in 1983, their number also had dropped to only 7,000 by 1985, primarily because of budget cuts. Personnel assigned to the Argentine Naval Prefecture, a coastal patrol force, were transferred to the authority of the Ministry of Defense in October 1984.

Unlike the commanding officers of the army and air force, the navy's chief of staff in mid-1985, Rear Admiral Ramón Antonio Arosa, was the same person appointed shortly after Alfonsín assumed office. The command headquarters of the Argentine Navy was located at the Libertad Building in the city of Buenos Aires. Naval forces in mid-1985 were divided among four naval zones that corresponded to the coastal and riverine territory incorporated in the first, second, and fifth military regions. The Puerto Belgrano naval base, located in southern Buenos Aires Province near Bahía Blanca, was the Argentine Navy's most important facility. In April 1985 a new naval zone, named the Puerto Belgrano Naval Zone, was created there as part of the navy's reorganization. Other major bases of the Argentine surface fleet included installations at *Dársena Norte*, in the province of Buenos Aires; *Río Santiago*, also in

Buenos Aires Province; Comodoro Rivadavia, in Chubut Province; and Ushuaia, in the National Territory of Tierra del Fuego. The navy's submarine fleet was based in Buenos Aires Province at Mar del Plata.

Most vessels in the Argentine fleet were constructed in the Federal Republic of Germany (West Germany), France, Britain, or the United States. Argentina also had an advanced shipbuilding program that during the early 1980s even included plans for the possible construction of a nuclear-powered submarine (see Nuclear Development and Capabilities, this ch.). Despite budget cutbacks and the commitment of future monies for equipment contracts already signed, it was anticipated that the Argentine Navy would continue to spend considerable amounts on procurement. According to material reportedly published in late 1984 by the United States political risk analysis and market research firm Frost and Sullivan, Argentina was expected to spend some US\$500 million for the acquisition of naval vessels and another US\$736 million on the purchase of new tactical missiles between 1984 and 1988.

Vessels in service with the Argentine Navy in 1985 included four submarines—two Type 209s, and two Type TR-1700s—all of West German design. The newest of these were the Type TR-1700 diesel-electric models, the *Santa Cruz* and the *San Juan*, which were delivered in late 1984 and early 1985. The Type TR-1700s were said to be the most technically advanced conventional submarines in service anywhere in the mid-1980s. Four additional Type TR-1700s were scheduled to be built in Argentina under a licensing agreement with the manufacturer, Thyssen Noordseewerke. The keel of the first of these was laid down at a Buenos Aires shipyard in October 1983.

In the mid-1980s Argentina enjoyed the distinction of being one of two Latin American naval powers that had an aircraft carrier. Argentina's sole carrier, the *25 de Mayo*, had been in service with two other countries since first being launched in the mid-1940s. This was the Argentine fleet's second aircraft carrier. The first, the *Independencia*, had been acquired in 1958 and withdrawn from service in the late 1960s when the former British Colossus-class *25 de Mayo* was transferred to Argentina from the Netherlands. The carrier was maintained in excellent repair, although it was reported to have persistent engineering problems. The carrier played no major role in the conduct of Argentine naval- or sea-based air operations against the British during the South Atlantic War.

Accounts of British Ministry of Defence documents published in 1984 noted that Britain had authorized its fleet to engage the aircraft carrier as of April 30. On May 5 the carrier was withdrawn from action and returned to port (see *The South Atlantic War*, this ch.).

Ten destroyers were in service with the Argentine Navy in 1985. These included four German-built MEKO-360 H2 destroyers, which were launched in the early 1980s, and two British Sheffield-class guided missile destroyers commissioned in the early 1970s. Destroyers that were previously in service with the United States Navy included one Gearing-class and three Allen M. Sumner-class vessels, all of World War II vintage, that were transferred to Argentina in the early 1970s. In 1984 they were scheduled to be replaced by the MEKO-360s.

The Argentine Navy was also in the process of acquiring additional frigates during the mid-1980s. Already in the Argentine fleet were three French-built Type A-69 vessels, two of which entered into service in 1978, and the third, in 1981. The first two ships were specifically acquired in order to augment the Argentine fleet in the face of possible war with Chile over the Beagle Channel. Six MEKO Type 140 A16-class ships were ordered in mid-1979. By 1983 four of the vessels had been launched, and the remaining two were under construction in Argentine shipyards. Most of Argentina's warships were fitted for carrying either the MM-38 or the MM-39 Exocet surface-to-surface missiles. Each carried an average of four missiles; a total of 184 were estimated to have been deployed by late 1984.

Other major vessels in service with the Argentine Navy as of early 1984 included five corvettes, all formerly in service with the United States Navy and of World War II vintage; some six fast-attack craft, acquired during the 1970s; and six minesweepers previously in service with the British navy. A new tanklanding ship, which would become second in the Argentine Navy's inventory, was ordered in 1982 and, in 1984, was under construction in the Republic of Korea. Various amphibious warfare and hydrographic ships were also in service with the Argentine Navy in the mid-1980s. The three-masted *Libertad*, built in Argentina, was said to be the world's largest active sailing ship and was used as a sail training vessel. The Argentine fleet's sole icebreaker, used for support in Antarctica, was built by Finland and entered into service in late 1978. It reportedly was used as a hospital ship during the South Atlantic War.

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Naval Aviation, as the fleet's air arm was called, was founded in 1921 when the first flying boats (seaplanes) and seaplane trainers were acquired by the Argentine Navy. By the mid-1980s the air arm consisted of some 3,000 personnel and counted in its inventory over 50 fixed-wing combat aircraft and at least 10 combat helicopters. Naval air operations were organized into six naval air wings during the early 1980s. The major shore bases from which these wings operated included the Punta del Indio Naval Air Base, the Comandante Espora Naval Air Base, the Almirante Irizar Naval Air Base, and the Ezeiza International Airport in Buenos Aires. Naval air operations were also carried out from facilities located at Puerto Belgrano in Buenos Aires Province; Río Gallegos in Santa Cruz Province; and Ushuaia and Río Grande, both in the National Territory of Tierra del Fuego; as well as from the aircraft carrier, the *25 de Mayo*.

During the mid-1980s the navy's air fleet was organized into three attack squadrons—two equipped with a total of about 24 McDonnell Douglas A-4Q Skyhawks and the third, with 14 French-manufactured Dassault-Breguet Super Étendards. The Étendard aircraft were configured for firing the AM-39 Exocet air-to-surface antiship missile, the weapon that struck the British naval destroyer the *Sheffield* during the South Atlantic War. It was believed that some of the Skyhawks were being fitted in the mid-1980s with the Israeli Gabriel III missiles, which were similar to the French Exocets. The Étendard squadron was hangared at the Comandante Espora Naval Air Base. Close to 30 Exocet missiles were estimated to be in Naval Aviation's inventory in early 1985.

Two squadrons equipped for carrying out maritime reconnaissance missions were based at Comandante Espora. One of the squadrons was composed of three Grumman S-2A and six S-2E Trackers that were often assigned for operations from the aircraft carrier. The second squadron was outfitted with seven to nine Lockheed L-188E Electras. A report published in mid-1985 noted that at least two of the L-188s were being modified to carry out electronic intelligence missions.

In 1983 the naval air force's two helicopter squadrons were equipped with six Sikorsky SH-3D Sea Kings and were assigned an antisubmarine warfare role, as well as eight or nine Aérospatiale Alouette IIIs and at least two of the Westland/Aérospatiale-manufactured Sea Lynx. Another six Sea Lynx helicopters were on order at that time. The helicopters' shore command was at the Comandante Espora Naval Air Base, al-

though most were permanently assigned to ships of the surface fleet. Air transports used by the navy included approximately 15 aircraft that made up the general purpose squadrons assigned to various air bases. A special Antarctic squadron, based at Almirante Irizar, was equipped with three Pilatus PC-6 Turbo-Porters and one McDonnell Douglas C-45 transport. In early 1983 the first of some 45 Embraer EMB-325GB Xavante jets were said to have been purchased from Brazil to replace the light attack and training aircraft lost during the South Atlantic War.

Shortly after World War II the Argentine marine corps was upgraded from a shore patrol and given amphibious assault responsibilities. In 1968 its official name became the Marine Infantry Corps. By 1983 its size was estimated at some 10,000 men. Most of its personnel were stationed at or near the bases and other installations controlled by the Argentine Navy.

In addition to six marine security companies deployed at naval bases throughout the nation, the marine corps personnel were organized into two brigades (sometimes referred to as forces) composed of two or more infantry battalions. There was also a separate amphibious support force that included an amphibious vehicles battalion, a signals battalion, and an anti-aircraft regiment. The marine infantry battalion deployed at Río Grande was specially equipped and trained for cold weather warfare, including service in Antarctica.

Among equipment in service with the marines during the mid-1980s were some 30 armored personnel carriers, of which a dozen were the French-built Panhard ERC-90 Lynx model and another six, the Swiss MOWAG Roland. Also counted in its arsenal were several dozen 105mm howitzers, variously sized mortars and recoilless rifles, and some 20 Bantam antitank guided weapons. In addition to 20mm to 35mm anti-aircraft guns, the marine corps was reported to have an unspecified number of Blowpipe and at least seven Tigercat surface-to-air missiles.

The Argentine Air Force

In 1983 the Argentine Air Force was reportedly composed of some 17,000 regular professional troops and another 10,000 conscripts completing their 12 months of obligatory military service. By 1985, although it was believed that the number of professional personnel remained largely un-

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changed, the number of conscripts serving with the air force nearly dropped by half to 5,500 young men.

In March 1985 Major General Ernesto Horacio Crespo, the former commander of Air Operations, was appointed chief of staff of the air force, the second highest-ranking officer in the service. His predecessor, Lieutenant General Teodoro Waldner, was appointed by Alfonsiín as the new head of the armed forces' Joint Chiefs of Staff and was the first air force officer to hold the position. Crespo was known as a staunch nationalist and gained considerable prestige during the South Atlantic War when he coordinated air combat operations against British forces.

The commanding headquarters of the Argentine Air Force was located at the Condor Building in northeastern Buenos Aires. In 1985 the service's operations were divided among at least five commands. The most important of these was the air operations command, which was responsible for the force's regional commands and various air bases as well as all flight operations emanating from them. The four other commands included those for personnel, logistics, air force instruction, and matériel. In 1985 these commands were held by colonels and brigadier generals.

The country's principal military air facility was El Palomar Air Base in western Buenos Aires, which also served as the headquarters of the first air brigade. Some aircraft belonging to the Argentine president's air fleet were hangared at El Palomar, as were transports belonging to the government-controlled Airlines of the State. The presidential jet, the Tango 1, was kept at the civilian Jorge Newbery Metropolitan Airport.

The regional organization of the air force was divided among nine air brigades in the mid-1980s. A tenth brigade, first reported under formation in 1983, had not been established by mid-1985. Apart from El Palomar, other principal air force bases throughout the nation include facilities at Tandil and Morón in Buenos Aires Province; Paraná in Entre Ríos; Reconquista in Santa Fe Province; Mendoza in Mendoza Province; Villa Reynolds in San Luis; and Comodoro Rivadavia in Chubut. The headquarters of the Argentine Air Force's first Antarctic squadron and the possible site of the tenth brigade was at Río Gallegos in Santa Cruz.

The Argentine Air Forces's four ground-attack/interceptor squadrons evidenced the service's preference for the French-manufactured Mirage fighter. Two of the squadrons were assigned a total of 15 Mirage III-EAs and 22 Mirage III-

CJs that were acquired from Dassault-Breguet in 1983. The remaining two squadrons were equipped with nine Mirage 5-Ps, received in 1982, and some 32 of the Israeli Aircraft Industries' Dagger, a model similar in design to the Mirage 5-P. At least six of the Daggers were purchased in 1983. By early 1984 these 78 aircraft were being equipped with aerial refueling probes, reportedly with assistance provided by Israel. The Daggers were also being modified with what was called the Integrated Navigation and Firing System; the designer of the system was not identified.

The air force's three ground attack squadrons were reported in early 1984 to be equipped with 54 A-4P Skyhawks manufactured in the United States. Some of the Skyhawks—perhaps as many as 24—were previously in service with the Israeli air force. In early 1984 Israel sought United States permission to transfer Skyhawks then in its inventory to Argentina. A number of the jets were also reported to have been transferred "amid great secrecy" to Argentina in mid-December 1983, shortly after the United States embargo on military sales to that country was lifted. Reports were vague as to how many of these aircraft were destined for use by the air force; some were believed to be assigned to the navy.

Other major aircraft in the air force inventory included a total of eight British-manufactured Canberra B-62s and T-64s, acquired during the early 1970s, which made up the force's single bomber squadron. At least 30 IA-58 Pucarás manufactured by Argentina's state-controlled Military Aircraft Factory (Fábrica Militar de Aviones) comprised two counterinsurgency squadrons. In the mid-1970s these aircraft were employed against antigovernment guerrillas fighting in the northwestern provinces (see *The War Against Subversion*, this ch.). As of late 1983 an additional 100 of the twin-turboprop aircraft had been ordered by the government. By mid-1984 most of that order was believed to have been filled. A number of Morane-Saulnier MS-760 Paris IIIs, first delivered in the late 1950s and used for counterinsurgency missions and training in the mid-1980s, were being replaced by Argentina's new IA-63 Pampa jet trainer. In mid-1984 the air force had over 60 of the new models on order; deliveries were expected to begin in 1986.

The air force's single squadron of attack helicopters, which was used for counterinsurgency, was based at Morón (in Buenos Aires Province). The squadron was composed of at least 12 Hughes 500M Defenders and six Bell UH-1H armed helicopters. Most of the air force's armed helicopters were

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acquired in the late 1960s and early 1970s when political violence was on the increase. A helicopter squadron used for search-and-rescue missions in mountainous regions was made up of five Aérospatiale SA-315B Lamas.

Transports, composing five squadrons, included about 12 Boeing 707s and Lockheed C-130s. Three Lockheed L-100 Hercules were added in 1983. Also included in the transport fleet were at least 12 IA-50 Guarani IIs manufactured in Argentina in the late 1960s. Some Guaranis reportedly were also used on photoreconnaissance missions. The Gates Learjet was also used for aerial reconnaissance.

Missiles in the air force inventory included R-530 air-to-air missiles as well as AS-11, AS-12, and Kingfisher air-to-surface missiles. Some of the Mirage 5P fighters were believed to be fitted for Exocets, even though no missiles were officially reported in the service's inventory. Following the South Atlantic War, the air force also acquired a number of French-manufactured Durandal antirunway/antishelter bombs.

Paramilitary Forces

After the Alfonsín administration assumed office in 1983, plans were implemented to place the nation's two paramilitary forces, the National Gendarmerie and the Argentine Naval Prefecture, under the immediate command and authority of the Ministry of Defense. The Argentine Army commanded the gendarmerie until July 1984. The navy's authority over the prefecture remained in effect until October 1984. The combined size of the forces in the early 1980s was estimated at over 20,000.

In 1983 the size of the gendarmerie was estimated at 11,000 to 12,000. The principal mission of the force was that of a border guard, responsible for protecting and patrolling Argentina's territorial frontiers with Chile, Bolivia, Paraguay, Brazil, and Uruguay. The personnel of the gendarmerie were all volunteers and were organized into *agrupaciones*, described as a level of command between a battalion and a regiment. These formations were in turn subdivided into squadrons, groups, and sections. The three regional commands of the force were headquartered at Rosario, Córdoba, and Bahía Blanca.

In the early 1980s a special unit of the gendarmerie—based at the Campo de Mayo army barracks—was prepared for deployment to the Middle East as part of the UN peacekeeping

force in Egypt's Sinai Peninsula. Although the military government decided not to participate in the force, there was speculation in early 1982 that the unit might be sent instead to fight in Central America. Before the South Atlantic War intervened, at least 20 to 30 Argentine Army advisers were training regular personnel from the Guatemalan, Salvadoran, and Honduran armed forces and were providing logistical and economic support to the members of the Nicaraguan Democratic Force, the major counter-revolutionary army fighting against the Nicaraguan government.

The major pieces of equipment belonging to the gendarmerie were armored cars and armored personnel carriers, including the M-113s and Rolands, models that were also used by army personnel. The small air wing operated by the gendarmerie was composed of an estimated 20 light aircraft and several helicopters.

The 9,000-strong Argentine Naval Prefecture served as a coastal guard and patrol force. Its mission included interdicting contraband, protecting maritime resources within Argentina's 200-nautical-mile Exclusive Economic Zone (EEZ), and carrying out search-and-rescue missions at sea. The prefecture was also charged with the regulation of the national ports and with the maintenance of navigational aids.

The prefecture's newest equipment included five Spanish-built Halcón-class corvettes that were acquired in the early 1980s, armed with 40mm guns, and used for ocean patrols. The other four large, oceangoing patrol craft were aging vessels that were previously in service with the Argentine Navy. The principal patrol craft used by the prefecture were 17 German-built Z-28-class boats. Some were armed with 20mm guns and were used in the South Atlantic War, during which three were lost. In addition to a tug and a sail training craft, there were also several 95-foot vessels used as coast guard cutters and over a dozen more small patrol craft. The prefecture also operated a small air fleet composed of five fixed-wing transports and nine helicopters.

Conscription and the Reserves

Before the administration of Alfonsín, the law regulating the national system of obligatory military service had been changed little since its creation in 1901. According to the Ricchieri Law—named for Minister of War Pablo Ricchieri, the official responsible for its creation and promulgation—all

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male citizens aged 20 to 45 were required to perform military service. An amendment to the organic statute several years later established a lottery system for selection and the terms of service as one year for those who chose to enter the army and two years for those entering the navy. Under the 1912 Sáenz Peña Law, all male citizens were required to register for service at the age of 18. The same registration list was used for the voter registration roles. After 1945 air force conscripts were obligated to carry out one year of service. Youth were also eligible to perform their service in the National Gendarmerie, the Argentine Naval Prefecture, or the Federal Police.

Most young men, by age 22, had completed their service, after which they became members of the first line of military reserves until age 29. The National Guards was the second line of reserves and consisted of men aged 30 to 39. The Territorial Guard, made up of men aged 40 to 45, composed the third and final group of reserve forces. In the early 1980s the National Guard was composed of some 200,000 men and the Territorial Guard, 50,000. No estimates of size were available with respect to the first line of reserves.

In his 1983 inaugural address, Alfonsín made clear his intention to reorganize the conscription system and stated that the elimination of compulsory military service during peacetime was his administration's long-term goal. The principal motivation behind the president's policy was said to be economic. The maintenance and administration of the conscription system was known as one of the largest expenses in the military budget. The conscription system had also come under political attack because of allegations of the poor performance of most conscripts in the South Atlantic War.

In June 1984 the government announced that it would cut the total number of conscripts—which then numbered over 100,000—by 12 percent and that it would furlough another 40 percent before the regular training cycle ended. By mid-1985 the number of conscripts had been cut by more than 50 percent, to an estimated 45,000 to 50,000. The army, which had traditionally absorbed the largest numbers of conscripts, was the service most affected by the reductions, and the air force, the least. By mid-1985 the three service commands continued to support Alfonsín's policy to reduce the number of conscripted personnel, yet other active-duty officers privately voiced their concerns regarding the severity of the cuts.

The Military Education System

The military education system, like other programs of the Argentine armed forces, was undergoing considerable change in the years immediately following the 1983 restoration of civilian government. The education system that had been built during 18 years of nearly continuous military government had tended to reflect the values of the ruling elite. In 1985 the Alfonsín government was attempting to change the basic concepts of national security taught at the nation's military schools, including the belief system upon which the National Security Doctrine had been based (see *The National Security Doctrine*, this ch.).

The basic schools of the armed forces' education system were the three service academies. The army's Military College was located near El Palomar Air Base in Buenos Aires and was the oldest of the three, having opened its doors in 1869 (see *Early Professionalization Efforts*, this ch.). The Naval Military School was founded in 1872 at Río Santiago in Buenos Aires Province. The air force's academy, the School of Military Aviation, was created in 1925 and was located near the city of Córdoba.

Admission to the service academies was open to Argentine male citizens who could pass the competitive entrance examinations. Most youth accepted at the Military College were aged 16 to 21. A study conducted in the mid-1960s found that a majority of the cadets came from urban, middle-class families and had fathers who were members of the armed forces. Most had attended public—as opposed to military-operated—secondary schools and were from Greater Buenos Aires. The Military College offered a basic four-year program as well as a special one-year preparatory course. Graduation from the academy was required to become a regular line officer. Cadets graduated with the rank of second lieutenant and were usually given troop assignments outside Buenos Aires.

At a level just below that of the service academies were various military-operated secondary schools, often also referred to confusingly as military academies. These schools were operated by all three branches of the armed forces and were located throughout the country. In mid-1984 the army operated at least six schools; the navy, four; and the air force, one. Earlier reports that the schools were to be closed appeared to be unfounded when in late 1984 the Ministry of Defense proposed the institutions' jurisdictional transfer to the Ministry of Education and Justice and noted that the recom-

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mendation was being studied by the armed forces' general staffs. It was unclear whether any action had been taken on the matter by mid-1985.

The second tier in the professional military education system, after the service academies, consisted of the Superior War College, the Superior Technical School, the Air Force Command and Staff School, and the Naval War College. The oldest of the general staff schools was the Superior War College, located in Buenos Aires, which was founded in the early 1900s and first staffed almost entirely by retired German military officers (see *German Military Influence*, this ch.). It was also the most important of the institutions with respect to its graduates, who assumed the highest commands of the nation's armed forces.

The Superior War College generally was noted as the army's general staff school. Those attending its advanced training classes usually were army captains and first lieutenants. One source noted, however, that the members of all three services were eligible to attend. Admission was gained through the recommendation of one's commanding officer and by scoring among the highest on the competitive entrance examination. The basic program lasted two years. Of those completing their third year of studies, only a select few were given the title of general staff officer.

The Superior Technical School was created in 1930 to provide advanced technical training for military engineers. The growth of the school corresponded with the increasing emphasis placed by the Argentine government on the development of a domestic military industry. The first director of the school, General Manuel N. Savio, also became the first director of the armed forces' DGFM during the early 1940s (see *Military Industry and Exports*, this ch.). Those completing the school's basic four-year program were recognized as military engineers. Most of its students were army first lieutenants who had a minimum of five years' military service.

Officers' Insignia of Rank and Benefits

Commissioned officers in the Argentine Army were divided among three categories. Those in the first category were known as subaltern officers and consisted of the ranks of second lieutenant (the lowest commissioned rank) through captain. Those in the second category were designated chiefs and included the ranks of major and lieutenant colonel (see fig. 8).

ARMY		Subteniente								
		Teniente								
UNITED STATES EQUIVALENT		Teniente Primero								
		Capitán								
NAVY		Subteniente								
		Teniente								
UNITED STATES EQUIVALENT		Teniente de Corbeta								
		Teniente de Navío								
AIR FORCE		Alférez								
		Segundo Teniente								
UNITED STATES EQUIVALENT		Primer Teniente								
		Capitán								
ARMY		Mayor								
		Teniente Coronel								
UNITED STATES EQUIVALENT		Coronel								
		General de Brigada								
NAVY		Mayor								
		Teniente Coronel								
UNITED STATES EQUIVALENT		Coronel								
		General de Brigada								
AIR FORCE		Mayor								
		Teniente Coronel								
UNITED STATES EQUIVALENT		Coronel								
		Brigadier General								
ARMY		Brigadier General								
		Major General								
UNITED STATES EQUIVALENT		Lieutenant General								
		General								
NAVY		Comodoro								
		Capitán de Navío								
UNITED STATES EQUIVALENT		Comodoro								
		Capitán de Corbeta								
AIR FORCE		Brigadier General								
		Major General								
UNITED STATES EQUIVALENT		Lieutenant General								
		General								

Figure 8. Officers' Insignia of Rank, 1985

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The highest-ranking army officers, from the rank of colonel through lieutenant general, composed the third category and were known as superior officers. Recommendations for promotions to and within the third category were submitted through the Ministry of Defense to the president who, in turn, presented them to the Senate for approval. In 1985 Senate approval was not automatic; several promotions were denied by the Senate in mid-1985 to senior officers whose records were tied directly to the repressive activities carried out during the late 1970s.

Little information was available regarding pay and other benefits available to armed forces personnel. Data regarding the salaries of army personnel in December 1984 indicated that an army sergeant—a noncommissioned officer—earned some 42,288 pesos per month; an army captain, 74,220 pesos per month; and a general, 188,000 pesos (for value of the peso—see Glossary). It was not specified whether the rank was that of brigadier, major, or lieutenant general. The percentage of salary increases granted tended to be inversely related to one's rank. An August 1984 pay raise gave sergeants an increase of close to 19 percent, and a major general, only 1.5 percent. It was unlikely that, even considering other benefits provided to the armed forces, a military officer could maintain his standard of living in the face of the high rate of inflation which, in early 1985, was running at more than 1,000 percent annually. In 1985 some maintained that officers ranking as high as lieutenant colonels were unable to get by on their salaries.

Medical benefits, special moving allowances, and housing assistance were also provided to military personnel. Housing assistance was noted as an especially appealing benefit of military service during the 1960s, given the shortage of vacant units and the scarcity of funds for the construction of new homes that had persisted for decades. When military personnel were stationed abroad, a differential pay allowance was also granted. In addition, special pay was given for hazardous duty. Time in grade required for promotion or retirement could be reduced through military service during a declared war or state of siege.

Full pension benefits were given to those who had completed a minimum of 20 years of service and who voluntarily sought retirement. Officers with a minimum of 10 years of service who retired because they failed to make promotions were also granted benefits. Those who were cashiered, regard-

less of their rank or length of service, were not eligible for retirement benefits. Their dependents, however, were entitled to apply for pension benefits. No minimum term of service was required for benefits granted to officers who sought retirement for reasons of disability. Between the 1940s and the mid-1980s, retired military officers were able to augment their benefits by employment in military industries and had played a key role in the development of those enterprises. The Supreme Council of the Armed Forces, the highest body within the military's separate judicial system, was composed exclusively of retired officers from each of the three branches of service (see *The South Atlantic War; The War Against Subversion*, this ch.). Former military officials, who no longer risked dismissal, were also known for their participation in Argentine political affairs (see *The Military as a Political Force*, ch. 4).

Military Industry and Exports

During the mid-1980s the Alfonsín administration placed all military industry under the jurisdiction of the Ministry of Defense. The General Directorate of Military Manufactures (*Dirección General de Fabricaciones Militares—DGFM*) was the government entity responsible for administering Argentina's substantial military-industrial complex. The directorate was created in October 1941, but the push for its creation came during the administration of President Roberto M. Ortiz in the late 1930s. The directorate expanded rapidly during the early 1940s in an effort to meet the country's military needs during World War II, when Argentina not only was cut off from its traditional suppliers in Europe but also was prohibited from receiving United States-manufactured military goods (see *The Modern Armed Forces*, this ch.).

During the early 1980s the DGFM was the largest firm in Argentina and one of the largest in Latin America. Its annual turnover was said to be valued at some US\$2.2 billion. The huge annual financial losses it reportedly suffered, however, were not officially disclosed for reasons of national security. By 1983 the financial holdings of the DGFM included some 13 industries, which employed between 14,000 and 15,000 workers, and shares of at least 22 Argentine companies.

In April 1985 the Ministry of Defense submitted a draft bill to the executive branch proposing the creation of the General Savio State Corporation to replace the DGFM, whose

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founding decree was to be repealed. All companies then under the DGFm's control, which then numbered 27, were to be administered by the new military-industrial complex. Shares held by the DGFm in 44 firms were also to be transferred to the new corporation. All military weapons and equipment purchases, as well as military exports, were to be centralized under the Ministry of Defense, which would act in consultation with the Joint Chiefs of Staff. According to the draft text, holdings in such areas as mining, forestry, petrochemicals, steel, and construction—initially targeted by the Alfonsín administration for return to civilian management—were to be absorbed by the new corporation. Although the Alfonsín administration cited budgetary reasons as being behind its reorganization efforts, most analysts believed that a less publicized aspect of the policy was the government's desire to restrict the military's influence in the national economy.

At least one component of the draft bill appeared to have been adopted when the executive decreed the creation of the Policy Coordinating Committee for Military Matériel Exports in June 1985. The specific charge of the committee, created under the Ministry of Defense and administered by the secretary of defense for defense production, was the mandatory review of all requests for export authorization involving "weapons or war material." In the mid-1980s Argentina stood second only to Brazil among Latin American nations exporting military goods. Many of these items were produced under foreign licensing agreements. Such foreign agreements, especially those signed with West Germany and Israel, had provided Argentina with sophisticated electronics and avionics technology that enabled it to produce advanced weapons systems. The foreign supplier's approval was often required, however, before systems built with foreign technology could be exported.

In the mid-1980s the TAM main battle tank and the IA-58 Pucará twin turboprop were Argentina's two principal military exports. The IA-63 Pampa counterinsurgency/jet trainer was expected to be added to the list soon. Foreign sales were made mostly to Third World countries. There was some speculation that agreements with Peru and Mexico were to have been signed for the coproduction of the TAM. One program supported by the DGFm included the development of an attack/interceptor aircraft that was expected to be available for export sometime in the 1990s. The program for the development of a nuclear-powered submarine had been shelved in early

1984 for financial reasons, but as of May 1985 it had not been discarded. The Alfonsín administration continued to emphasize the development of export-oriented military industries, however.

By the mid-1980s Argentina had built a substantial research and development base. Various military organizations involved in the development of Argentine technology for military application during the early 1980s were the Armed Forces' Council for Research and Experimentation, the Armed Forces' Institute for Scientific and Technical Research, and the Institute of Aeronautical and Space Research. The latter organization was primarily responsible for Argentine space research as well as the development of electronics and rockets.

Nuclear Development and Capabilities

By the mid-1980s Argentina had one of the most advanced nuclear development programs in Latin America and was believed to have within its grasp the technology that would enable it to build and detonate Latin America's first nuclear device. The first Argentine nuclear programs were established in the 1950s when the National Atomic Energy Commission (Comisión Nacional de Energía Atómica—CNEA) was set up under the control of the Argentine Navy. In 1983 control over the CNEA was removed from the navy and, for the first time since its creation, was placed under a civilian president, Alberto Costantini. Its former president, Rear Admiral Carlos Castro Madero, a physicist, was subsequently appointed as coordinator of UN-sponsored nuclear programs in Latin America. In late June 1985 Alfonsín affirmed his continuing support for Argentine nuclear development but noted the importance of maintaining national technological capabilities within the constraints of economic conditions.

The first atomic research laboratory was set up in 1949 by the Perón government in San Carlos de Bariloche in northern Patagonia under the direction of Ronald Richter, a former member of Nazi Germany's fusion project team. Richter was one of several German scientists who fled to Argentina and participated in the country's early nuclear development program during the postwar years. In 1950 the CNEA was created and, among its duties, was assigned a mission of national defense. The initial announcement in 1951 that Argentina had controlled a fusion reaction created international consterna-

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tion but eventually was proved to be a hoax. Richter finally was dismissed in 1952, and the CNEA, which had not previously functioned as a serious organization, assumed a new role in national nuclear development.

Between the 1950s and 1985 the nuclear program continued with surprisingly little political interference. In fact, the development of Argentina's nuclear capabilities seemed to be a singular area in which all domestic political factions agreed. Competition with Brazilian nuclear development and the maintenance of Argentine pride and prestige served as motivating factors in the national coalescence. Argentine accomplishments in the nuclear field were a series of "firsts" for Latin America, including the construction of the first research reactor in 1957 and the first commercial power reactor, Atucha-I, which came on-line in early 1974. Two achievements that were unique to Latin America and unusual even in a global context were the design and construction of the first zircalloy fuel element fabrication plant and, perhaps more significant in terms of nuclear proliferation, the construction of the first reprocessing and uranium enrichment plants. The possession of domestically developed reprocessing and enrichment facilities, together with Argentina's own considerable reserves of uranium ore, enabled the country to control independently the nuclear fuel cycle (see Energy, ch. 3).

In the mid-1980s the Ezeiza reprocessing plant was under construction near Buenos Aires. Test runs at the industrial-scale plant were expected to begin in 1985. At full operational capacity the plant was expected to reprocess some 30 tons of spent reactor fuel a year and to have an annual output of roughly 300 kilograms of plutonium. There was some discrepancy among analysts about the capacity of the plant, however. Some reports maintained that the plant would only be able to produce some 10 kilograms of plutonium annually, enough for two nuclear bombs per year. Although the plant would not be subject to international controls, technology reportedly had been provided by Italy, West Germany, and the United States.

Argentina's plans to build an enrichment facility at Pilcaniyeu, Río Negro Province, in the Patagonian desert of southwestern Argentina, were publicly announced with much fanfare in November 1983. (The Patagonian desert was also the location of a site selected for nuclear waste storage.) When Argentina made its announcement in late 1983, it was the ninth country in the world to have mastered the technology of "enriching" the radioactive content of mined uranium ore so

that it could be used in some models of nuclear reactors. The termination of a 20-year-old enriched uranium supply agreement by the United States in the late 1970s was believed to have spurred Argentina's efforts to become self-sufficient in the enriched uranium required for its heavy-water reactors. In the early 1980s the United States government again relaxed its policy regarding the shipment of enriched uranium to Argentina.

The Pilcaniyeu plant was expected to be capable of producing weapons-grade uranium after the enrichment technology was further refined. In November 1983, when the plant's construction plans were first announced, the CNEA said that the content of the critical U-235 isotope in the enriched uranium produced by a model plant was only 20 percent, well below the 90-percent level required for weapons-grade uranium. The ability to "bridge the gap" between the two enrichment levels, however, was said to be a relatively inexpensive accomplishment that did not require great additional advances in technology.

In mid-1984 the Pilcaniyeu facility, which used the relatively obsolete and costly gas diffusion process, was described as a "medium-scale" production plant that was expected to be functioning by late 1985. By early 1985 the operational date was set back to late 1986. Funds for the completion of the Pilcaniyeu plant in the US\$420 million CNEA budget for 1985 were not restricted, as were those for other projects then under construction, including a heavy-water plant at Arroyito, in Neuquén, and Atucha II, a heavy-water reactor being built near Buenos Aires.

Through the mid-1980s the Alfonsín government consistently stated its intent to develop nuclear energy for peaceful purposes only and its support for peaceful nuclear explosions (see Constitutional Provisions and Treaty Obligations, this ch.). Some of those who tracked Argentine nuclear policy, however, expressed skepticism over whether the Alfonsín administration was truly committed to building and exploding a nuclear device. Argentine nuclear facilities that used domestically developed technology were not subject to the International Atomic Energy Agency's safeguards. Its assistance in the nuclear development programs of other countries, however, was usually subject to international safeguards. Included among the countries with which Argentina cooperated or provided assistance in nuclear development programs were Algeria, Bolivia, Brazil,

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Chile, China, Colombia, Guatemala, Ecuador, India, Israel, Libya, Paraguay, Peru, Uruguay, and Venezuela.

In mid-1985 some press accounts cited projections that Argentina would be able to build and detonate a nuclear device within five years. Similar projections made in previous years, however, had set the date for the detonation of an Argentine nuclear bomb in the mid-1980s.

The South Atlantic War

The loss of prestige suffered by the Argentine armed forces after their defeat by Britain in the South Atlantic War was often cited as a primary reason for the restoration of civilian government in 1983. The 1982 war arose from the long-standing dispute over conflicting claims to a chain of islands lying some 600 kilometers off the southern Argentine coastline. Argentina laid claim to all the islands in the archipelago, which were administered as part of the National Territory of Tierra del Fuego, under the name *Islas Malvinas*. Britain claimed the same territory under the name *Falkland Islands* (see *The South Atlantic War and Its Aftermath*, ch. 1).

The level of tensions between Argentina and Britain varied considerably during the 150 years following the 1833 British occupation and expulsion of Argentine forces from the islands. Shortly after World War II an Argentine task force of two cruisers and six destroyers on maneuvers in the area left after British warships were dispatched. In 1965 the UN acceded to the Argentine request to set up a framework for negotiations over the sovereignty issue. By 1978, however, tensions again began to escalate after an Argentine destroyer fired warning shots at a British survey vessel searching for oil and natural gas reserves within the territorial waters claimed by Argentina. The South Atlantic War erupted on April 2, 1982, as a result of Operation Rosario, in which the Argentine joint task force seized the town of Port Stanley, the residence of the islands' British governor, and the following day moved into Darwin and Goose Green. Although several Argentine soldiers were killed during these initial occupations, there were no casualties among the island residents or the British authorities. In retrospect, Operation Rosario was recognized as the culmination of a series of Argentine warnings of the government's intent that had begun in early January.

The military phase of the war lasted from May 1 to June

14. Upon the Argentine invasion, Britain ordered the mobilization of a naval task force to traverse the 13,000 kilometers of ocean between it and the islands. On April 30 the task force reached its destination, and a 200-nautical-mile total exclusion zone was imposed around the islands. Under the British rules of engagement, any Argentine vessels found within the zone would be attacked. Throughout the war Britain relied on Chile (with which Argentina was involved in a dispute over the Beagle Channel) and the United States for the provision of logistical support and intelligence data. Brazil, Peru, Venezuela, and the Soviet Union were believed to have provided some similar services to the Argentine military government.

The sinking of the Argentine cruiser *General Belgrano* remained one of the more controversial British operations during the war. The cruiser was hit by two torpedoes and was sunk while some 60 kilometers outside the exclusion zone on May 2, after heading away from the British task force for the previous 11 hours. The attacking vessel was the *Conqueror*, a nuclear-powered hunter-killer submarine of the Valiant class. The captain of the *Belgrano* maintained that the submarine must have employed its Tigerfish long-range guided torpedoes in the assault, because the cruiser went down quickly. The British, however, said that conventional torpedoes were used. Despite rescue operations by the Argentine Navy, 368 Argentine lives were lost out of a crew of 1,000.

Five days later Britain announced that any ship outside Argentina's 12-nautical-mile territorial limit would be attacked. The loss of the *Belgrano* and the expanded rules of engagement prompted the nearly complete withdrawal of the Argentine fleet, including the aircraft carrier *25 de Mayo*, which subsequently stayed close to port. The war was thereafter conducted almost exclusively from the air by the Argentine Air Force and Argentine Naval Aviation until a beachhead was established by the British at Port San Carlos on May 21.

The highlight of the Argentine air battle came early in the war, when on May 4 Britain's most advanced destroyer, the *Sheffield*, was damaged and abandoned after being hit by an Exocet missile fired from an Argentine Super Étendard attack aircraft. On May 25 another Exocet fired by a Super Étendard sank the container ship *Atlantic Conveyor*. In total, Argentina's air forces claimed 11 hits on British ships in the 272 missions flown. The British task force's inadequate early warning systems reportedly enabled low-flying Argentine aircraft to approach their targets and strike with little advance warning. The

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Argentine forces were also plagued by the failure of many missiles to detonate.

Argentine ground forces were the most severely criticized for their performance during the war. The complement of ground personnel was composed of close to 11,000 men. The 1,000 marines among them were said to have performed best. The land war was characterized by British successes in the crucial May 21 landing at Port San Carlos, the Battle of Goose Green and Darwin a week later, and the final Battle of Port Stanley, which began June 11.

As early as two weeks before the end of the conflict, the British had indications that Argentina was preparing to accept defeat. A transmission to the mainland from the Argentine naval commander on the islands that was intercepted by the British noted not only Britain's control of the sea but also the inability of the Argentine Air Force to continue to sustain its heavy losses. According to a report written by Paul Rogers of Britain's University of Bradford, the Argentine air forces lost some 60 out of the 130 jet fighters in their inventory at the time of the war.

The British objective, the recovery of Port Stanley from the Argentines, was achieved with the surrender of the Argentine garrison on June 14. The total number of Argentine soldiers killed in the war was estimated at between 800 and 1,000; Britain lost some 250 personnel. Three civilians, residents of the islands, were killed during British bombardment in the latter days of the conflict. The defeated Argentine forces left behind an estimated 19,000 small plastic antipersonnel mines that had been distributed among some 115 mine fields and remained almost impossible to detect. Most were located around the beaches of Port Stanley and were still there three years after the end of the conflict, primarily because the Argentine troops had failed to properly map their mine fields.

The war was distinctive in that it represented not only a conventional conflict between a developing and "developed" nation but, according to some analysts, provided a "textbook example" of a limited, or "old-fashioned," war. Experience was gained in terms of defense planning and mobilization, and new military equipment and technology—never proven in combat—was put to the test. An assessment of the war published in late 1982 by British strategic analyst Lawrence Freedman noted that the sea battles of the South Atlantic War were the first major sea battles fought since 1945.

In mid-1985 a formal state of hostilities, first announced in

1982, continued to exist between the two countries because Argentina refused to issue a formal declaration of the end of hostilities. Diplomatic talks—renewed and broken off less than a day later in July 1984—remained stalemated as Britain refused to negotiate its claim to sovereignty. In asserting its right to the islands, Britain also maintained its 200-nautical-mile exclusion zone around the territory.

The performance of the Argentine armed forces during the South Atlantic War led to numerous internal reviews by the military as a whole, as well as the individual services, which sought to assign blame for its defeat. The report submitted in September 1983 by the Rattenbach Commission—more formally known as the Inter-Force Commission—following its lengthy investigation was the most comprehensive and well known of the reviews prepared. The commission, installed in December 1982, was composed of six retired senior military officers, two from each of the three services. The best known among them was General Benjamin Rattenbach, a principal architect of the armed forces' reorganization during the 1960s (see *The National Security Doctrine*, this ch.).

The official duty assigned to the commission was the "analysis and evaluation of the political and strategic-military responsibilities deriving from the South Atlantic conflict." The final report and recommendations of the commission were submitted to the military junta on September 30, 1983. A few weeks later—in light of the commission's findings—the junta publicly announced its decision to prosecute most of the war's former military leaders "due to their performance in the war." General Leopoldo Galtieri of the army, Vice Admiral Jorge Isaac Anaya of the navy, and Lieutenant General Basilio Lami Dozo of the air force—the members of the military junta during the South Atlantic War—were prosecuted along with 11 other high-ranking officers. All were subject to trials by the Supreme Council of the Armed Forces, the military's highest judicial body.

Less than a week later, the full text of the report submitted to the junta—still classified a "political and military secret" under the Argentine Penal Code—was leaked and published by the Argentine newsmagazine *Siete Días*. Among other criticisms made in the report, the armed forces' leadership was charged with "failure to fully assess all factors" that might have affected the battle for the islands; "hasty, incomplete, and defective planning" that led to a commitment of "ill-prepared and ill-equipped" military forces; failure to adopt "necessary pre-

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cautionary diplomatic actions" that might have helped attain the political objective sought; inappropriate timing in "conducting diplomatic and military actions"; and "failure to take advantage of appropriate opportunities to secure an honorable and acceptable resolution of the conflict."

In August 1985 formal charges were presented to the Supreme Council by the military's prosecutor. Sentences of 12 years' imprisonment and dismissal from service were recommended for Galtieri and Anaya; an eight-year prison term was recommended for Lami Dozo and shorter terms for the others charged. The sentencing decision was expected to be delivered by the Supreme Council in October or November 1985.

The War Against Subversion

The decade of the 1970s, when the war against subversion was carried out by the Argentine armed forces, stood out as the darkest and most tragic period in modern Argentine history. The terror inflicted on the country's population by the dictator Rosas a century and a half earlier paled in comparison with the actions taken in the name of national security by military and police forces in the "dirty war," during which as many as 30,000 people—almost all of them Argentine citizens—were killed.

The war's origins could be traced to the first clashes between guerrilla groups and the armed forces and police during the early 1960s. By the middle of the decade the military leadership identified the university movement as being tied to subversion and initiated a policy of repression against those institutions. The level of political violence continued to increase through the decade and peaked with the 1969 popular uprising in the industrial city of Córdoba in which students joined striking workers in the streets. During the Cordobazo, as the demonstration became known, armored columns backed by air support were brought in to reimpose order on the city. Scores of students and workers were reported killed, and many more were injured. Other uprisings followed throughout the country (see *The National Reorganization Process, 1976-83*, ch. 1).

By the early 1970s the armed forces had adopted the use of counterinsurgency methods against what it perceived as its "internal enemies." Various guerrilla organizations, whose ideologies were as diverse as the country's more legitimate politi-

cal parties, had begun to operate in Argentina, among them the Montoneros—tied to the Peronist left until 1974—and the Trotskyist People's Revolutionary Army (Ejército Revolucionario del Pueblo—ERP). The guerrillas' kidnappings and murders of military officials, businessmen, and trade union leaders resulted in a right-wing reaction and the organization of groups, including the Iron Guard (Guardia de Hierro) and the Argentine Anticommunist Alliance (Alianza Argentina Anticomunista—AAA, or Triple A), to take vengeance on the left. The guerrillas obtained most of their funds from bank robberies and kidnappings. The right-wing organizations received most of theirs—with the government's blessing—from the armed forces and police as well as from sympathetic labor unions. Many of the country's security forces were also members of the right-wing organizations. In the early 1970s various organizations from across the ideological spectrum formed armed groups and battled in the streets. Violence and terror escalated to such an extent that the 1976 military coup was reportedly welcomed by many Argentines as a means to restore social order.

The most intensive phase of the war against subversion was carried out between 1976 and 1979. In 1977 the junta reported that the ERP had been eradicated. The following year the Montoneros, with its leadership in exile, had also been defeated. The principal targets and victims—apart from the decimated guerrilla forces—of the government's campaign to wipe out subversion were categorized broadly as union members, students, civilian politicians, members of all professional groups (including lawyers, psychiatrists, artists, scientists, and clergy), and the relatives and associates of the initial victims. Extralegal jailings, torture, and execution became the modus operandi of the security forces' decentralized terror network, which was assisted by the activities of paramilitary groups such as the AAA. The expression that someone "was disappeared" became the euphemism for those believed murdered by the security forces whose bodies were never recovered. Even the public discussion of "disappearances" made one a target of official retaliation. The military government's repressive apparatus remained in place until the 1983 election of Alfonsín. In April 1983 the *Final Document of the Military Junta on the War Against Subversion and Terrorism* was published by the government of Reynaldo B. Bignone, a retired army general who was president under the final military junta. The report stated that all who had disappeared during the previous years

were to be considered dead "for judicial and administrative purposes."

Before his election Alfonsín had been one of the few lawyers daring enough to challenge in court the government's policy of repression. After becoming president, his concerns for attaining justice for the war's victims continued. In December 1983 Alfonsín appointed the members of the National Commission on the Disappearance of Persons (Comisión Nacional sobre la Desaparición de Personas—CONADEP), chaired by the distinguished Argentine intellectual Ernesto Sabato, whose job it was to document as much as possible the government's activities in the dirty war. In September 1984 some 50,000 pages of evidence were turned over to the executive in the commission's report. A summary of the commission's findings made public at that time accused the previous military government of having produced the "greatest tragedy" in Argentine history. The CONADEP report documented the "disappearance" of 8,961 individuals and stressed the members' conviction that there were many more victims than those it was able to document. Some 340 clandestine prisons operated by the military and police were also identified in the report, as were some 1,300 military and police personnel who were directly tied to the violence and whose names were not made public.

A number of other steps were taken during the first months of the new civilian government that also related to the role of the military government and the nation's security forces in the war against subversion. Executive orders were issued in December 1983 for the court martial of the nine military junta leaders who held power between March 1976 and June 1982, as well as for that of army general and former Buenos Aires Province police chief Ramón J. Camps. The Law of National Pacification—the military government's amnesty for political crimes, by which the military absolved itself of punishment for actions taken during the war—also was repealed at that time. In addition, the government ordered the prosecution of former guerrilla leaders and obtained the extradition from Brazil of Mario Eduardo Firmenich, the leader of the Montoneros during the 1970s. Torture, as well as the unreported knowledge of an act of torture during which its victim died, were made crimes automatically punishable by 25 years imprisonment, the maximum penalty allowed by federal law.

The Supreme Council of the Armed Forces was established as the original forum in which the former military leaders

would be tried by their peers. In September 1984, however, after eight months of proceedings, the council issued a report saying that the officers could only be held "indirectly responsible" for their subordinates' actions and that there was "nothing objectionable" with respect to the decrees and orders given by the military leaders. Based on amendments made to the Military Code of Justice earlier in the year, the Supreme Council's effective refusal to reach a verdict in the proceedings allowed for jurisdiction over the cases to be transferred to a civilian court.

The public trial of the officers opened in April 1985 before the six-member Federal Court of Appeals in Buenos Aires amid much popular clamor and speculation regarding the possibility of a military coup. Some compared the proceedings with the Nuremberg Trials following World War II. Others noted the distinction that, unlike the Nuremberg proceedings, the Argentines were obliged to judge crimes committed by their own government against its citizens. Six of the nine junta members were charged with homicide, illegal detention, torture, robbery, and the use of false identification to conduct illegal searches. The seventh was charged with all five crimes but homicide, and the remaining two, only with illegal detention and the use of false documents. Camps, the former police chief, reportedly remained under "rigorous preventive detention" at the army's Campo de Mayo Garrison on the orders of the Supreme Council in mid-1985.

After some 17 weeks of public hearings, the final testimony was presented in mid-August, and the court adjourned for a three-week recess. Between April and August, federal prosecutor Julio Strassera called some 1,000 witnesses, about half the number of individuals originally scheduled to testify. No more than 30 witnesses were called on by the defense. Although the nine accused officers had been absent during this first portion of the proceedings, they were required to be present in the courtroom when the closing arguments were made in September. The verdict—which could not be appealed—was expected in late 1985.

When public testimony was concluded in August, some political observers anticipated that a guilty verdict would be handed down against at least the six members of the first two military juntas. Speculation also existed that if a guilty verdict were reached, the Alfonsín administration might pardon the guilty officers and grant an amnesty to the junior officers who were implicated in testimony presented at the trial and who

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were said only to have been following the orders of their superiors. Throughout the proceedings the Alfonsín administration remained under considerable pressure from the armed forces to deal leniently with the accused officers.

The Ministry of Interior and Internal Security

In 1985 the Ministry of Interior was the principal governmental body charged with the maintenance of domestic peace. Its minister, Antonio Tróccoli, was a former congressman and a longtime member of the Radical Civic Union, the political party of Alfonsín. In keeping with the Alfonsín government's concern regarding the abuses committed by the previous military government, the post of undersecretary for human rights was created within the ministry after the submission in 1984 of the CONADEP report and the dissolution of the commission that prepared it. The ministry was also charged with handling relations between the federal government and the provinces.

Sporadic incidents of political violence—including kidnappings and bombings—continued to occur under the Alfonsín presidency but in no manner came close to the levels reached during the previous decade. Almost all the incidents were believed to have been carried out by right-wing organizations. Because they were no longer supported by the government, the perpetrators of the paramilitary actions were described by Tróccoli as "idle hands." Their targets tended to be the same kinds of people—including students; politicians; and labor, church, and political activists—who were subjected to persecution during the previous military government. The individuals who prepared the CONADEP report were regularly subjected to death threats, and some of their homes were bombed. In early 1985 the ministry's undersecretary, Raúl Galván, maintained that the actions, which attempted to establish a climate of "intimidation and fear," sought to "test the strength of democracy."

By mid-1985 a serious effort was being made by the Ministry of Interior to crack down on the political violence and illegal activities engendered by the right-wing groups. Because the groups had "lost the official support they had in the past," Minister Tróccoli maintained, they had turned to "extortions, trafficking in drugs, and smuggling weapons" in order to support themselves. By mid-1985 as many as 300 individuals believed to be members of extremist paramilitary groups had

been identified by the ministry. Many were reportedly participants in a "far-right terrorist campaign" to destabilize the government. In late May the fugitive leader of one right-wing group, Raúl Antonio Guglielminetti, was arrested by the International Criminal Police Organization (Interpol), along with two accomplices in Spain. Press reports identified Guglielminetti as a retired army major, military intelligence officer, and presidential bodyguard for Bignone and for Alfonsín during the first three months of his administration. He was charged with the bombing of the transmitting tower of a Buenos Aires radio station, the murder of an Argentine businessman, and the kidnapping of two others for whom he received several million dollars' ransom each. It was speculated that his military intelligence contacts had enabled him to keep one step ahead of the police.

The principal law enforcement agency in Argentine was the Federal Police, which was under the jurisdiction of the Ministry of Interior. In mid-1985 the chief of the force was identified as Antonio di Vietri. At that time no estimates were available on the size of the force, which maintained its headquarters in Buenos Aires, but it was believed to have decreased somewhat from the 22,000 personnel it incorporated when Alfonsín took office. The Federal Police were responsible for law enforcement in the Federal District as well as for conducting investigations related to violations of federal laws in the provinces. In addition to the Federal Police, each province maintained its own police force. The largest of the provincial forces was that of Buenos Aires, which was estimated to have as many as 18,000 personnel in 1983. Argentine cities and municipalities also maintained their own smaller police forces for traffic control and investigations of minor crimes.

In accordance with plans formed shortly before Alfonsín's election, Minister Tróccoli announced in mid-1985 that the government had organized and trained an elite antiterrorist police corps composed of elements of the Federal Police and of "important sectors of all the security forces." The force was believed to be prepared to respond to the presence of increasing right-wing terrorism and attempts to destabilize the civilian government. The broad-ranging mission assigned the new force was "the defense of the constitutional order."

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Resources for information on the Argentine Armed Forces are diverse. Few comprehensive accounts of the institution had been published by the mid-1980s. The chapter on Argentina published in *The Armed Forces of Latin America* by Adrian J. English presents useful information on the military's history, organization, and matériel. The best historical accounts of the development of the modern military are the two volumes by Robert A. Potash entitled *The Army and Politics in Argentina*, which together cover the period from 1928 to 1962. Alain Rouquié's *Poder militar y sociedad política en la Argentina* is an excellent text on the political role of the armed forces. Potash and Rouquié are also authors of a number of other helpful works on the Argentine armed forces. The chapter on Argentina by Jack Child in *Latin America and Caribbean Contemporary Record* is most useful in explaining events transpiring shortly before and after the transition to civilian government in 1983. Child's book, entitled *Geopolitics and Conflict in South America*, presents information on territorial disputes involving Argentina as well as some background on Argentine geopolitical thought and the origins of the National Security Doctrine. *Air War South Atlantic*, written by Jeffrey Ethell and Alfred Price, is a superb account of the South Atlantic War in 1982. (For further information and complete citations, see Bibliography.)

Appendix

Table

- 1 Metric Conversion Coefficients
- 2 Area, Population, and Population Density by Major Administrative Subdivision, 1980
- 3 Oil and Natural Gas Reserves, 1983
- 4 Production of Selected Mineral Commodities, 1980-83
- 5 Production of Selected Agricultural Commodities, 1980-84
- 6 Value of Selected Export Commodities, 1980-83
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Appendix

Table 1. Metric Conversion Coefficients

When you know	Multiply by	To find
Millimeters	0.04	inches
Centimeters	0.39	inches
Meters	3.3	feet
Kilometers	0.62	miles
Hectares (10,000 m ²)	2.47	acres
Square kilometers	0.39	square miles
Cubic meters	35.3	cubic feet
Liters	0.26	gallons
Kilograms	2.2	pounds
Metric tons	0.98	long tons
.....	1.1	short tons
.....	2,204	pounds
Degrees Celsius	9	degrees Fahrenheit
(Centigrade)	divide by 5 and add 32	

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*Table 2. Area, Population, Population Density
by Major Administrative Subdivision, 1980*

Administrative Subdivision	Area (in square kilometers)	Total Population	Density (per square kilometer)
Buenos Aires	307,571	10,865,408	35
Catamarca	100,967	207,717	2
Chaco	99,633	701,392	7
Chubut	224,686	263,116	1
Córdoba	168,766	2,407,754	14
Corrientes	88,199	661,454	7
Entre Ríos	78,781	908,313	12
Formosa	72,066	295,887	4
Jujuy	53,219	410,008	8
La Pampa	143,440	208,260	1
La Rioja	89,680	164,217	2
Mendoza	148,827	1,196,228	8
Misiones	29,801	588,977	20
Neuquén	94,078	243,850	3
Río Negro	203,013	383,354	2
Salta	154,775	662,870	4
San Juan	89,651	465,976	5
San Luis	76,748	214,416	3
Santa Cruz	243,943	114,941	0
Santa Fe	133,007	2,465,546	19
Santiago del Estero	135,254	595,920	4
Tierra del Fuego*	21,263	27,358	1
Tucúman	22,524	972,655	43
Federal District	200	2,922,829	14,651
TOTAL	2,780,092	27,947,446	10

* Designated a national territory. Argentina's National Institute of Statistics and Census suggests that 2,034 should be added to the population of the National Territory of Tierra del Fuego for those living in Argentina's claimed territories in Antarctica and the South Atlantic.

Source: Based on information from Argentina, Ministerio de Economía, Secretaría de Hacienda, *Censo nacional de población y vivienda*, Buenos Aires, 1983, 1.

Table 3. Oil and Natural Gas Reserves, 1983

Basin Area	Oil (in millions of barrels)	Natural Gas (in millions of cubic meters)
Northwest		
Salta	154	97,706
Jujuy	<u>5</u>	<u>1,088</u>
	159	98,794
Cuyo		
Mendoza (north)	243	485
Neuquén		
Mendoza (south)	109	9,688
Neuquén	670	405,471
Río Negro	188	11,934
La Pampa	<u>44</u>	<u>1,955</u>
	1,011	429,048
San Jorge		
Chubut	425	5,218
Santa Cruz (north)	<u>438</u>	<u>32,387</u>
	862	37,605
Austral		
Santa Cruz (south)	35	40,193
Tierra del Fuego ¹	45	43,885
Marine	<u>73</u>	<u>22,639</u>
	153	106,718
TOTAL²	2,428	672,651

¹Designated a national territory.

²Figures may not add to total because of rounding.

Source: Based on information from United States, Department of State, *Industrial Outlook Report, Petroleum, 1982-83: Argentina*, Washington, February 1984, 7.

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Table 4. Production of Selected Mineral Commodities, 1980-83
(in tons unless otherwise specified)

Commodity	1980	1981	1982	1983
Aluminum	133,100	133,900	137,600	135,000
Boron, crude	155,849	125,617	123,492	123,900
Cement	7,133,000	6,651,000	5,580,000	5,645,000
Copper	182	80	38	235
Feldspar	32,529	26,118	15,091	18,700
Fluorite	15,468	20,755	23,727	24,325
Gold (troy ounces)	10,622	14,757	20,319	20,898
Iron	437,000	398,000	587,000	629,000
Lead	32,606	32,652	30,115	32,000
Manganese	6,146	2,706	3,900	4,200
Salt	1,004,000	938,000	595,000	551,000
Silver (troy ounces)	2,357,000	2,518,000	2,684,000	2,636,000
Steel, crude	2,685,000	2,526,000	2,913,000	2,930,000
Tin	351	413	304	338
Uranium (kilograms)	284,900	221,000	470,462	504,000
Vermiculite	9,907	3,277	3,354	3,400
Zinc	33,409	35,150	36,381	37,000

Source: Based on information from United States, Department of the Interior, Bureau of Mines, *Preprint from The Mineral Industry of Argentina*, Washington, 1984, 3.

Appendix

**Table 5. Production of Selected Agricultural Commodities,
1980-84
(in thousands of tons)**

Commodity	1980	1981	1982	1983	1984
Cereals					
Wheat	7,780	8,300	15,000	12,300	13,200
Corn	12,900	9,600	9,000	9,200	11,000
Sorghum	7,100	8,000	7,600	7,200	6,800
Oats	433	339	637	593	610
Other ¹	796	665	718	741	813
Total cereals	29,009	26,904	32,955	30,034	32,423
Oilseeds					
Soybeans	3,500	4,150	4,000	6,600	6,600
Sunflower seed	1,260	1,980	2,300	2,200	3,300
Flaxseed	610	600	765	703	500
Other ²	413	560	470	640	556
Total oilseeds	5,783	7,290	7,535	10,143	10,956

¹Includes barley, rye, millet, and milled rice.

²Includes in-shell peanuts and cottonseed.

Source: Based on information from United States, Department of Agriculture, Foreign Agricultural Service, *Annual Agricultural Situation Report*, Washington, 1985, 10-11.

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Table 6. Value of Selected Export Commodities, 1980-83
(in millions of United States dollars)

Commodity	1980	1981	1982	1983
Agricultural products				
Cereals and by-products . . .	1,750	2,929	1,913	2,993
Meat, hides, and animal products	1,380	1,359	1,118	888
Oilseeds and by-products . .	1,431	1,271	1,210	1,421
Wool	234	287	185	145
Sugar	311	282	55	179
Fruits and products	247	222	231	185
Pulses	91	66	59	54
Vegetables	52	50	63	42
Cotton	123	29	69	9
Dairy products	28	32	57	51
Tobacco	27	28	59	50
Other	220	202	208	178
Total agricultural products	5,894	6,757	5,227	6,195
Mineral products				
Fuel and lubricants	280	622	551	349
Other	35	36	29	23
Total mineral products	315	658	580	372
Chemical and plastic products . .	348	352	334	323
Textiles*	105	73	80	64
Metals and products	217	414	514	318
Mechanical and electrical machinery				
Transport material	174	126	216	92
Other	629	466	375	290
TOTAL	8,021	9,143	7,625	7,835

* Excluding wool.

Source: Based on information from United States, Department of Agriculture, Foreign Agricultural Service, *Annual Agricultural Situation Report*, Washington, 1985, 17-18.

Appendix

Table 7. Value of Selected Import Commodities, 1980-83 (in millions of United States dollars)

Commodity	1980	1981	1982	1983
Agricultural products				
Fruit	110	100	44	21
Coffee	106	79	80	59
Live animals	7	6	8	17
Dairy products and eggs	47	32	5	4
Vegetables	68	26	6	5
Spices	9	10	6	6
Prepared foods	17	30	11	5
Alcoholic beverages	45	34	10	7
Tobacco	12	12	2	2
Cotton	18	41	11	14
Meats	51	29	4	2
Other	340	241	138	137
Total agricultural products	830	640	325	279
Fuels and lubricants	1,075	1,011	672	460
Minerals	182	162	144	130
Chemicals	1,055	936	870	850
Paper	305	288	175	160
Textiles	253	248	123	120
Metals and products	886	611	497	460
Machinery and equipment	1,077	1,228	755	630
Transport	237	263	154	150
Capital goods	2,392	2,059	950	810
Other	2,249	1,984	672	455
TOTAL	10,541	9,430	5,337	4,504

Source: Based on information from United States, Department of Agriculture, Foreign Agricultural Service, *Annual Agricultural Situation Report*, Washington, 1985, 20-21.

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Glossary

austral (pl., australes; symbol is A)—In June 1985 a new currency, the austral, was introduced, replacing the former currency, the Argentine peso. An austral was worth 1,000 Argentine pesos at a parity of 0.80 australes to the United States dollar.

exchange rate—The exchange rate of the “new peso” depreciated from 3.8 to the United States dollar in 1970 to 36.6 in 1975. Between 1976 and 1978 the value of the peso depreciated from 140 to 795.8 per United States dollar. From December 1978 through May 1981 a sliding peg regime of preannounced daily exchange rate adjustments caused the value of the peso to fall from 1,007 to 3,284 per United States dollar. A dual exchange rate system consisting of a commercial and a financial rate was in effect from June through December 1981. During that period the respective rates averaged 5,083 and 5,748 pesos to the United States dollar. Between January and June 1982 the dual exchange market was unified. From July through October a dual exchange rate regime was reintroduced, and in November it was unified into a single exchange rate system. In 1982, during the period of the single exchange rate, it averaged 21,709 pesos per United States dollar. During the dual exchange rate regime interim, the commercial rate averaged 23,916 pesos per United States dollar, and the financial rate averaged 26,123 pesos. Between January and July 1983 the value of the peso depreciated from 51,433 to 94,489 per United States dollar. In August the “Argentine peso” was revalued upward against the “new peso.” Between August and December the peso continued to depreciate from 10.53 to 21.36 per United States dollar. In 1984 a managed floating regime was implemented by the administration of Raúl Alfonsín that was targeted to the rate of inflation. In 1984 the United States dollar was equivalent to 67.65 pesos. In June 1985 the government introduced the austral as the country’s new currency. The increased worth of the austral against the Argentine peso readjusted the value of the new currency in comparison to the United States dollar.

fiscal year (FY)—In the United States the fiscal year runs from October 1 of the previous calendar year to September 30

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of the corresponding calendar year. The Argentine fiscal year is identical to the calendar year.

GOU—Grupo Obra de Unificación (Unification Task Force).

This acronym has long been expanded incorrectly into Grupo de Oficiales Unidos (Group of United Officers).

gross domestic product (GDP)—A value measure on the flow of domestic goods and services produced by an economy over a period, such as a year. Only output values of goods for final consumption and investment are included because the values of primary and intermediate production are assumed to be included in final prices. GDP is sometimes aggregated and shown in market prices, meaning that indirect taxes and subsidies are included; when these have been eliminated, the result is GDP at factor cost. The word *gross* indicates that deductions for depreciation of physical assets have not been made. *See also* gross national product.

gross national product (GNP)—Gross domestic product (GDP—*q.v.*) plus the net income or loss stemming from transactions with foreign countries. For Argentina, GNP is usually less than GDP because of factor payments abroad. GNP is the broadest measure of the output of goods and services by an economy. It can be calculated at market prices, which include indirect taxes and subsidies. Because indirect taxes and subsidies are only transfer payments, GNP is often calculated at factor cost by removing indirect taxes and subsidies.

International Monetary Fund (IMF)—Established along with the World Bank (*q.v.*) in 1945, the IMF is a specialized agency affiliated with the United Nations and is responsible for stabilizing international exchange rates and payments. The main business of the IMF is the provision of loans to its members (including industrialized and developing countries) when they experience balance of payments difficulties. These loans frequently carry conditions that require substantial internal economic adjustments by the recipients, most of which are developing countries.

leagues—A measure of distance that varies among different countries and at different periods of time. For the purpose of this text, one league was calculated to equal 4.5 kilometers.

Peronism—An informal belief system relating to the ideas and influence of former president Juan Domingo Perón.

peso—Owing to endemic inflation, a "new peso" worth 100 old pesos was introduced in January 1970 at a parity of 3.8

to the United States dollar. In mid-1983 the "Argentine peso" was introduced, which was worth 10,000 "new pesos" at a parity of 10.53 to the United States dollar. *See also* exchange rate.

porteño—Resident of the port city of Buenos Aires; of or relating to Buenos Aires.

World Bank—Informal name used to designate a group of three affiliated international institutions: the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), and the International Finance Corporation (IFC). The primary purpose of the IBRD, established in 1945, is to provide loans to developing countries for productive projects. The IDA, a legally separate loan fund but administered by the staff of the IBRD, was created in 1960 to furnish credits to the poorest developing countries on much easier terms than those of conventional IBRD loans. The IFC, founded in 1956, supplements the activities of the IBRD through loans and assistance designated specifically to encourage the growth of productive private enterprises in the less developed countries. The president and certain senior officers of the IBRD hold the same positions in the IFC. The three institutions are owned by the governments of the countries that subscribe their capital. To participate in the World Bank group, member states must first belong to the International Monetary Fund (IMF—*q.v.*).

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