

Unraveling Argentina's 'Golden Age': About Economic Realities and the Peronist Legacy

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Argentina's mystified "Golden Age" was characterised by its place as the Latin American power during the first three decades of the 20th century. With nationalism at its peak, it placed as one of the 10 richest countries in the world by GDP per capita (Spruk, 2019, p.1). Today, however, Argentina's economy is in horrible shape. More than 40% of the population is living below the poverty threshold, and per capita incomes are further on the decline, especially in real terms. Moreover, the informal sector is the main creator of jobs (Busch, 2023). – And the outlook is gloomy: the current recession might be further exacerbated with a staggering annual inflation rate of 142% that is projected to continue increasing, in addition to exhausted foreign exchange reserves leaving the government in dire straits regarding external and domestic debt service (Nugent & Stott, 2023).

It is in this precarious context that this year's presidential election took place, with the Peronist party's (PJ) centre-left candidate and current minister of economic

affairs Sergio Massa facing the "anarcho-capitalist" leader of the party "La Libertad Avanza" (LLA) Javier Milei in the balloting.

The success of the latter represents a radical break with the country's recent political history, where Peronist governments accounted for almost three-quarters of the total term of office, and only three different non-Peronist administrations, the last one being Mauricio Macri's 2015 - 2019 centre-right coalition (Demarchi, 2023). Can we thus truly assign a major part of the responsibility for Argentina's current political and economic fate to the PJ and its ideological followers? The most popular narrative is that of the unsinkable Galleon, representing Argentina in its early 20th century, being flooded beyond salvation within only ten years with Juan Domingo Perón at its helm, who is the ideological founder of the Judicialist movement and self-proclaimed president of the *Descamisados*. To dismantle the belief in an Argentine "Golden Age", we must therefore only look inside the ship, and move on from the galleon's beautifully decorated bow. Just a moment inside its crew department is sufficient to understand the mechanisms that are driving it back and forth from the Argentinian shore to the Spanish ports. Mechanisms of economic exploitation, entrenchment, and underdevelopment are at the root of Argentina's misfortune – not just ineffective governance. As the era of Peronist-nostalgic policy comes to an end with the election of the chainsaw-wielding Milei, it is necessary to discuss the validity of this myth — to dive beneath the rotten, flooded boards of the Galleon, in the hope that the leaks may be identified and rectified to avert the continued sinking of Argentina's economic future. Hopefully, this article will serve also as a reminder of how little statistics such as GDP per capita – taken

at face value – can truly tell us about the well-being of a country, its economy, and its population.

Of Haciendas and Criollos: Argentina's colonial past

The first colonial settlement by the Spanish would be established on Argentinian territory in 1580, as land would start being given out to Spanish conquerors on grant by the Spanish crown to create latifundia. Consequently, a new land-holding aristocracy established itself, aimed at efficiently extracting the country's agrarian wealth. From 1687 onwards, the Spanish crown sold the colony's most important governing posts to the *Criollos* – a term originally used for people of Spanish descent born in the Spanish colonies – who themselves descended from those first aristocratic landowners (Guardado, 2018, p.7). By empowering the *Criollo* class, the Spanish consolidated agricultural extraction of primary resources while suffocating economic development, as it enabled landowners to control legislation and executive power and thus implement an agricultural export-oriented economic structure.

During the 1800s, despite their incredible profitability the colonies in Southern America began to win their independence as the *Criollos* sought to exert power independently of the Spanish crown. This, however, immediately sparked a series of power struggles between the landholders over the dominance within the settlements, leading to the establishment of a "paper democracy" in the 1860s, lacking safeguards against electoral fraud and resulting in political repression of the locals. This vacuum allowed the *Criollos* to entrench themselves as a de-facto oligarchy (Jouet, 2008,

p.415-417), dominating Argentina until the first half of the 20th century.

It is important to note here that while the Argentinian viceroalties were embroiled in a civil war, the Northern Americas were already experiencing a noticeable degree of industrial development. For instance, their manufacturing industry was employing 1.5 million people by the 1860s (Lebergott, 1966, p.4), a number higher than Argentina's entire population at the time. Given its sparsely populated nature in the 19th century (Fajgelbaum & Redding, 2014, p.10), and land being the main source of wealth (Ocampo, 2014, p.12), the domestic market was almost non-existent. Historian Manuel Llorca Jaña (2014) substantiates this claim by demonstrating just how heavily Argentina's economy relied on exporting primary goods to Europe, manifesting in remarkable annual growth rates of 4-5% in agricultural product outflow between 1810 and 1850.

Consolidation of the Landholding Oligarchy and Early Economic Consequences

In the 1870s under President Nicolás Avellaneda, Argentina started expanding its fertile farming lands, involving genocides of natives dubbed the "conquest of the desert". The oligarchy, now facing labour shortages and struggling to cultivate the land, passed legislation encouraging European immigration, where immigrants were promised heavily subsidized land to work on. The policy was highly effective: The population swelled from 1.8 million in 1869 to 7.9 million by 1914, with the highest number of migrants originating from Spain and Italy (Fajgelbaum & Redding, 2014, p.9). This

only further solidified the agricultural export-oriented economy, as the labour force that entered Argentina would do so to establish itself in agricultural practices. Around this period a sharp hit to Argentina's world rank of GDP per capita can be observed.

New land that could be claimed relatively freely was non-existent unlike in the United States or Australia (Ocampo, 2014, p.12). This implied that anyone desiring to establish an economic activity of their own would have to rent from the landowners. On this note, Alvarez and Willabelle (2013, p.12) compared the distribution of land ownership rights in Australia and New Zealand to those in the South American southern cone. They found that in colonies under British rule the consequences of capital accumulation, the absence of crowding out effects, and natural resources-related incentives all paved the way for greater economic development and more competitive capital allocation. Contrarily, the Spanish ex-colonies failed to do so.

The economy never completely moved on from the agricultural structures it inherited from the Spanish empire. However, the end of the 19th and beginning of the 20th century were periods marked by relatively high prices for foodstuffs, especially grains and beef hide and products (Jacks, 2021, pp.6-8) and consistently low trade barriers (Madsen, 2009, p. 406). This period of high prices for the agricultural primary goods that Argentina was deeply invested in, paired with the low trade barriers correlates nicely with its peak in GDP per capita in 1915. We start to see the source of the myth: high current account surplus, high commodity prices, and a low population density.

Even at its peak, however, alarming signs for Argentina's economic future were impossible to ignore:

1. High dependency on exports: Argentina shipped off 77.1% of its produced corn, alongside 60.6% of its wheat, 82.4% of its oats, and 81.8% of its flaxseed produce (Solberg, 1971, p.19). With Argentina being an agricultural economy, we can use these numbers as proxies for overall economic activity, painting a worrying picture.
2. Missing incentives to industrialise: The lack of industrial inputs, coupled with a constitution largely favouring the land oligarchy hindered the emergence of value-adding secondary industry and further economic development.

In 1920, despite comparable GDP per capita, the literacy rate in Argentina was only at 68% compared to the United States' 80% already during the 1870s (Roser & Ortiz-Ospina, 2023). Even when compared to other South American countries, Argentina suffered from very low schooling rates, being ranked lower than Chile – which, however, had noticeably lower GDP per capita values (Spalding, 1972, p.45), once again an example of the overwhelming influence of the agricultural oligarchy over the Argentinian society and economy, as those educational skills are mostly useful within commerce and industrial activity.

The First Argentinian Democratic Experiment

In 1916, the first non-fraudulent elections saw the victory of the Liberal-Radical *Union Civica Radical*. Legal Scholar and author Mugambi Jouet claims on the subject that this government never threatened the hold of the agricultural oligarchy over the country (2008, pp. 417-418) and that conversely, strikes were

often suppressed via military action, such as during the *Patagonia Rebelde*, where according to historian Juan Archibaldo between 300 and 1500 strikers died (1988, p. 393). Yet, industrialisation processes set off: Investments almost doubled, and the wealth generated by the industrial sector shot up by 90% from 1920 to 1929 (Villanueva, 1972, pp. 454-460). Still, the lack of a base of educated professionals limited the extent and quality of this early industrialisation.

Argentina's first military coup d'état in 1930 removed the democratic government after just 14 years of democracy. Following the coup, the so called *Concordancia* would stay in power until 1943. Industrial development nevertheless continued at a moderate pace, as the Argentinian economy had to try and start turning inwards due to the 1926 USA cattle ban and the 1929 Great Depression, leading exports to plummet (Rawley & Nesheim, 2006, p.2).

The crisis demonstrates how terribly dependent the Argentinian Economy was on agricultural exports, and how influential the landed elite still was with regards to the diplomatic and legislative capacity of the country. In 1933, the Roca-Runciman trade accord reopened the British market to Argentinian beef exports. In exchange for the reduction in the protectionist stance adopted by the British, Argentina would have 85% of its beef processed by British companies. Moreover, it was forced to cut all tariffs on British coal, to import all its coal from the UK, and to accord British companies with special treatments including exclusions from worker protection laws.

During this time, Lieutenant Juan Domingo Perón finally entered the political scene, who at the time had begun to distinguish himself within the military regime. He would be sent overseas from 1938 to 1940

as a delegate of the *Concordancia*, giving him the opportunity to scrutinize Italy under Mussolini's rule, where he acted as Argentina's military liaison, and to tour Franco's Spain. The encounters reinforced his nationalist principles. Despite not being a prominent figure among the Argentine populace, Perón was held in high regard by the military and after June 4, 1943, when a second coup d'état under the guise of restoring a transparent electoral system established a military government in its place, he would land the position of "Secretary of Labour and Social Welfare" (Lewis, 2001, p. 97).

Again, the Argentina in which Perón started his political rise was an Argentina grappling with the consequences of a deeply entrenched landed oligarchy that had kept the economy tied to its agricultural roots since the time of the Spanish empire. An Argentina that had only witnessed intermittent periods of economic "progress" driven solely by external factors such as high agricultural product prices but which in exchange faced a significant reliance on agricultural exports. An Argentina whose society, under the dominance of the agricultural oligarchy, witnessed minimal investment in human capital, reflecting an economy that was largely resistant to diversification. An Argentina whose political landscape was characterized by a dramatically limited democratic experience which had an even more limited impact on the entrenched power structures that dragged down the country.

The Structural break that never was: Perón's first two terms

Perón, through sheer political intelligence, would use his rather bureaucratic position to leverage what he

learned from Mussolini's Italy, amassing union popularity by favouring labour causes in multiple situations of employer-union conflicts (Lewis, 2001, pp. 97-100). In the following years, Perón took over the ministry of war and the vice presidency. In 1945, he was asked to move away from government positions, as the military had started to fear his popularity. He would accept these requests upon ensuring that he would be allowed to run in the next elections and that he would have access to the government-owned radios. Perón had learned the influence of this media early on by studying the Italian fascist regime's usage of the radio for propaganda purposes. But as rival officers grew increasingly concerned about his strong popularity among the working class, they detained and exiled him to Martín García Island, located near Buenos Aires. In response, on October 17th thousands of workers occupied the *Plaza de Mayo* obtaining his release (Jones, 2016), marking the birth of the Peronist popular movement.

After the October 1945 mobilization, Perón's candidacy on the Labour Party's ticket became a unifying force for a diverse opposition, trying to prevent Perón from becoming president. To support their campaign, US Ambassador Spruille Braden published a white paper called the "Blue book" which accused Perón and others of Fascist ties. However, this move backfired when Perón summarized the election as a choice between "Perón or Braden". He also responded to the "Blue Book" with his own "Blue and White Book", which focused on the antagonism of Yankee imperialism and rallied further support (Keen & Haynes, 2008, pp. 325-326). The election that followed was the first fair election in almost 20 years. Perón came out victorious.

By this point in time, the country had industrialised

only to a level comparable to other Latin American countries, yet agriculture still composed 24.5% of the country's GDP (Rapoport, 2000, p. 256). Furthermore, the previous governments' inability or unwillingness to address social questions became visible by observing the level of income inequality within the country: 1% of the population earned 27% of the total national income, of which the top 0.1% held 10.5% (Alvaredo et al., 2018, pp. 11-12). Peronist rhetoric, a battle cry based on the common man's struggle and the fight against the elite, would find incredible resonance amongst Argentina's labour political base. A rhetoric of humility and a down-to-earth image portraying Perón as the provider and the patron saint of the "shirtless" — the *Descamisados* (Keen & Haynes, 2008, p.504). Accordingly, his program would be based on three pillars, driven by favourable current account balances obtained during and shortly after World War II:

1. Social justice through the defence of worker's rights and extensive welfare programs.
2. Economic independence through what they called import-substitution industrialization (ISI; industrializing the country with the goal of replacing all or most imported industrial goods).
3. National sovereignty, especially the nationalization of key industries, such as the national railway and energy enterprises (Wright, 1974, pp. 254-270).

What can we thus understand by the term Peronism? What political and societal dimension(s) does the ideology encompass? Above all, it is the diverse views and assumptions that characterise the movement. One can conceive Peronism as a duplicate of the state, a

"developmental dictatorship" capable of assuming any shape from left to right-wing, progressive or conservative, where for most people the main importance is simply "it's Peronist". And due to this vicissitude, it is difficult, perhaps even pretentious, trying to define the ideology as an outsider.

The following two sampled understandings of Peronism by Argentinians are from a supporter and the latter from an opponent:

"It is a social and ideological movement inspired by the figure of Juan Domingo Perón. The ideology was born at the time of Perón's first government [1946 - 1955], when the country was growing exponentially, and the middle and lower classes were experiencing upward social growth. Its ideology is based on social justice, a strong nationalist imprint in terms of national industry, and fostering public education and public health. A current issue is foreign policy that should be rethought as it is still on the level of the 1940s. Today, many politicians misuse the structure of Peronism to pursue their aspirations, given that the Judicial Party has a high percentage of voters just because they say, 'I am a Peronist'.

"For me, Justicialism [Peronism] is, in theory, an extremely pragmatic ideology, inspired by the government of Juan Domingo Perón. Important concepts include social justice, protection of national industry, and an as far as possible neutral position with respect to foreign policy. In practice, it is a blurred umbrella term for a policy that is characterised by clientelism, corruption, and the use of nationalism to justify almost any left or right-leaning policy."

Perón's Five-Year Plan emphasized the promotion of national industry to enhance economic and political independence. The estimated costs for organizing and investing in the period of 1947-51 were projected to be 6.66 billion pesos (m/n), excluding military equipment purchases. However, the Plan did not address the acquisition of foreign-owned public service companies. Notably, the purchase of the US-owned United River Plate Telephone Company, which had already been executed before the proclamation of the Five-Year Plan, amounted to 419 million pesos (m/n). Additionally, the acquisition of French-owned railway lines cost 183 million pesos (m/n), while the agreement to acquire 16,000 miles of British-owned railway in 1947 totalled 2.5 billion pesos (m/n), all of which were part of Perón's nationalization initiative. It is evident that the actual cost of the Five-Year Plan was significantly underestimated (Potash, 1980, pp. 138-160).

The nationalist economic approach is also reflected in the 1949 constitutional reform. This reform granted the state direct control over foreign trade, and ownership of minerals and energy resources, as well as public service enterprises. This constitutional basis allowed the state to acquire foreign-owned utilities through purchase or expropriation. During the first years of Perón's rule, things were sailing smoothly with the manufacturing industry almost doubling its expansion rate, going from 3.6% to 6.8% (Cárdenas, 2000, p.283). The administration implemented high tariffs on imported consumer goods, making them more expensive compared to domestic products, and at the same time provided favourable treatment to domestic industries through cheap loans and grants. These subsidies in combination with minimal import of consumer goods led to increased public expenditures and lower

customs revenues, contributing to government deficits. The newly founded Argentine Institute for the Promotion of Trade (IAPI) represented the cornerstone of Perón's economic strategy, aimed at bolstering the economy by centralizing grain and beef sales. It required farmers to sell exclusively to the state agency, which provided fixed domestic prices to shield them from international market fluctuations. The IAPI then sold these products at (usually) higher rates on the international markets. Monopolizing imports created tensions with the landholding oligarchy, challenging their control over Argentina's surplus.

Additionally, it held exclusive rights as the importer of machinery and raw materials, acquiring goods from international markets and reselling them to Argentine purchasers, again intending to realize substantial profits (Economonitor, 2014). The creation of the IAPI generated immediate tensions between the Peronist government and the landholding oligarchy, as it challenged their independence and control over Argentina's primary source of surplus.

Despite its intentions, the IAPI's profits fell short of funding Perón's ambitious Five-Year Plan. Sartelli and Kabat claimed that this was due to declining global agricultural prices, reduced exports from severe drought, and depleted foreign currency reserves. Argentina's exclusion from post-war aid, like the Marshall Plan, and sanctions imposed by the United States also did not help as they further stifled economic development, diverting European post-war expenditure towards U.S. imports and hence thwarting Perón's industrial plans (2016, p.245).

Yet, Perón's policies in combination with the labour unions' heightened collective bargaining power led to substantial wage increases. Despite the apparent rash-

ness of this move and its undeniable poor timing, we cannot ignore that this was the first government in Argentina's history to tackle the issue of social inequality inherited from the Oligarchy. During his first term, the share of income of the top 1% declined to 15%, and average real income increased substantially for the first time after more than 15 years (Alvaredo et al., 2018, p.3).

In 1946, Perón's decree nationalized the Central Bank of Argentina – ending the independent mandate it possessed since its creation in 1935 – allowing the government to run deficits funded by seigniorage. This, combined with the mandated wage increases not accompanied by corresponding productivity rises, triggered an inflationary spiral: In 1946, the onset of Perón's first term, the annual inflation rate stood at 18.74%. By the conclusion of 1951, the change in the Consumer Price Index (CPI) had surged to 50.21%, resulting in an accumulated inflation rate of 297.57% over merely six years (Singerman, 2015).

Perón's departure(s) and the Structural break

On September 16, 1955, a nationalist Catholic faction spearheaded by General Eduardo Lonardi, General Pedro E. Aramburu, and Admiral Isaac Rojas launched a revolt in Córdoba, culminating in a successful coup which they baptised the *Revolución Libertadora* (Liberating Revolution). The movement, supported by the agricultural oligarchy and conservative wing of the navy, aimed to remove Perón's populist policies, which they perceived as disrupting Argentina's social hierarchy and conservative values. The military-led coup sought to eliminate Peronist, Marxist, and liberal influ-

ences, envisioning a reactionary societal reconstruction. It dismantled all Peronist structures and restored the 1853 constitution (Jouet, 2008, p.422).

After the *Revolución Libertadora*, Argentina entered a phase of political instability characterized by a cycle of military coups, elections, and public dissatisfaction. In 1958, public discontent with the military government's economic policies resulted in the election of Arturo Frondizi, who aimed to reintegrate Argentina into the global community. However, Frondizi faced opposition from Peronist-leaning unions and military factions, who demanded his resignation, ultimately leading to his removal from office and imprisonment in 1962. This created the conditions for another military dictatorship to take hold.

In response to growing discontent, the military would reluctantly allow elections in March 1973 but barred Perón from running, citing his non-residence in Argentina. In the subsequent election in September, Perón's second wife, Isabel Martínez de Perón, was elected as vice president with a significant majority. However, the Peronist government faced ongoing economic challenges, and Perón was unable to address the economic downturn during his time in office. When on July the 1st 1974 Perón died, Argentina had witnessed 6 different economic ministers in 3 years.

Given the end of Perón's involvement in the Argentinian government, it is important to turn our sight back to the statistic whose development prompted the anti-Peronist "riches to rags" narrative which we spent so much time evaluating. Once more we will use an ex-British colony as a measuring tape: Between 1945 and 1975, beginning with President Perón's first government and concluding with the military coup that terminated the third Peronist Party administration

both Australia and Argentina experienced a downward adjustment in comparison to the booming US economy. Australia's GDP per capita decreased from 91% to 77% of the USA's, while Argentina's dropped from 67% to 49%. Australia would keep this level with minor fluctuations until recent days, while Argentina remained on this lower plateau until the mid-1970s. Precisely here we witness the structural break that so many wrongly associate with Peronist policies, with GDP per capita plummeting further to 28% of the USA's GDP per capita in 1989-1990 (Economonitor, 2014).

The structural change leading Argentina to this lower level was marked by the fracture of society after Perón died in 1974. This can further be correlated to a series of regional and global shocks that hit the country, such as the collapse of the Bretton Woods system and the oil price shocks of 1973 as once again Europe's imports shrunk. Furthermore, in 1975 a series of economic measures would be implemented in Argentina during the presidency of Isabel Perón, under the influence of her economy minister, Celestino Rodrigo, from whom the popular name of these reforms would arise, the *Rodrigazo*. These included a gritty 160% devaluation of the peso which would lead to a 100% increase in service and transport prices, a 75% increase in electricity bills, and a 180% increase in fuel prices (Isoardi & Gil-Alana, 2019, p.202), causing in turn a recession and hyperinflation.

The subsequent military coup in March 1976 exacerbated the situation, attempting to eradicate the Peronist Party and its support. The military regime dismantled the manufacturing base that supported the Peronist Party, triggered a debt explosion resulting in the 1980s debt crisis, and engaged in costly military

ventures, including the ill-fated invasion of the Falkland Islands (Rapoport, 2000). This same dictatorship then elected the economic minister Martínez de Hoz, who, attempting to foment competition, only ended up quadrupling foreign debt (Cooney, 2007, p.13) and shifted the economy back to an agriculturally export focus. Unsurprisingly, between 1975 and 1981 the manufacturing share of GDP declined from 29 to 22%, industrial employment declined by more than 36% and production by 17%. Cavallo's central bank would subsequently make public 40% of all private debt, benefitting mostly the upper landholding class (Cooney, 2007, pp.12-14). A claim could be posed about how many of these moves were taken in defence of the interests of the agricultural elite.

Given the historical and economic backdrop preceding and following Perón's election, the assertion that Argentina thrived as a bastion of free-market economics before his reforms lacks credibility. Argentina's distinct historical narrative seems to have been selectively crafted to present a mythical decline from a supposed golden age, particularly when juxtaposed with nations like Uruguay, which underwent a parallel growth in GDP per capita as a percentage of the US. The primary impediments to sustainable economic development in Argentina were rooted in the limitations of its industry, marked by a constrained domestic market. These challenges were further compounded by persistent political instability, perpetuated by the military and agricultural oligarchy, and not solely attributable to the policies of the Peronist government.

The return to democracy

The period after the military dictatorship (1976 - 1983) saw the victory of the UCR, with President Raúl Alfonsín assuming office in December 1983. His presidency not only signalled the return to democracy by successfully restoring democratic institutions and holding military leaders accountable for past atrocities (*nunca más* – never again a military dictatorship) but also marked a decisive break with Argentina's political past as it constituted the first electoral defeat of Peronism in its forty-year history (Adair, 2015, p. 222). However, Alfonsín inherited from the dictatorial government an Argentine economy that was in terrible shape. Not only did the new administration face sovereign debt of \$43bn but also an annual inflation rate that reached a vertiginous 688% in 1984. By that time, inflation was already “incorporated into everyday survival strategies of Argentines in ways that altered patterns of consumption and economic decision-making” (ibid., p. 229). The administration's promises comprised the triple of political rights, physical safety, and social well-being, which should be achieved by pursuing a developmentalist agenda focused on revitalising the industrial sector and modernising the country's economy, thereby restoring real wages, and combating unemployment (ibid., p. 230). Moreover, the agenda coined “Plan Austral” – which also included the replacement of the Argentine peso with a new currency, the Austral – came with price and wage freezes as well as spending cuts. After initial successes, however, the plan began to falter; As some price freezes were lifted, inflation started to rise steadily (ibid., p.241). Eventually, the attainment of the goals outlined above was hindered by the burden of sovereign debt and resurging inflation, in addition to the collapse of commodity prices

in the mid-1980s, and the continued opposition of the Peronist movement and labour unions. In 1989, the government answered to sharp increases in food prices with the distribution of emergency subsidies, financed by seigniorage, so that by the end of the year the annual inflation rate reached 4'923.6% (ibid., 243). The hyperinflation prompted President Alfonsín to resign in July 1989, several months earlier than planned.

The Menem Reforms and the De-unionisation of the PJ

In the midst of not only a hyperinflation crisis but also a social and political crisis, the new government led by Carlos Menem took on power. Following Bambaci et al. (2002), the enormous amplitude of the crisis made the population more receptive to profound, far-reaching reforms of the system; “There was a window of opportunity for deep policy changes” (p. 78). The reforms – in accord with the so-called “Washington Consensus”, a neoliberal policy agenda conceptualised by the Reagan administration – comprised, inter alia, the liberalisation of trade by cutting import and export tariffs and quotas, the privatisation of public enterprises such as domestic airline and telecommunication services, and the introduction of a fixed 1 to 1 exchange rate between the Argentine peso and the US dollar that should, as an ensemble, re-establish macroeconomic and exchange rate stability as well as economic growth (ibid., p. 76). On the whole, the reforms were considered fairly successful. Based on an initial consumption boom and increased foreign investment, growth reappeared.

The seriousness of the 1989 crisis alone can, however, not explain why the Menem administration, despite

being part of the PJ, which traditionally relied heavily on labour unions, was able to pass pro-market reforms that are usually strongly opposed by those forces. These changes were only possible due to a far-reaching process of de-unionisation of the PJ that dismantled the traditional labour participation and union-based linkages (Levitsky, 2003, p.4). During the military dictatorship, the Peronists were heavily dependent on the labour unions, however, with the access to public offices, PJ politicians began to swap union for state resources and used their position in the administration to create patronage-based support systems called *agrupaciones* (ibid., pp. 14-15).

Despite the reforms – or, maybe exactly because of the government's need for public support – Menem did not reduce public spending. Instead, the public spending continued to rise. For instance, the unions were able to retain their right to regulate collective bargaining and to administer their own health organisations, in exchange for acquiescing to the reforms (Bambaci et al., 2002, p. 82). Additionally, Levitsky (2003) mentions that “during the 1990s (...) the Peronist vote was both higher and more stable in provinces characterised by dense Peronist party organisation and extensive public employment” (p. 24). Thus, one can infer that the reforms' initial success – despite actual economic advances – was fuelled by the clientelism of those groups whose support was pivotal. For example, this manifested in privatisations that benefitted new owners with monopolistic rents or cheap purchase prices, and generous retirement plans that satisfied unions (Bambaci et al., 2022, p. 85).

The Great Argentine Crisis

Towards the end of the 90s, a new massive crisis was looming. Amidst a debt and inflation crisis, a coalition of the parties in opposition led by the UCR won the presidential elections in 1999, with Fernando de la Rúa assuming office as the new president. He promised to tackle the previous administration's wrongdoings in response to a rise in civic anger and to re-establish faith in the ailing institutions by taking the necessary political reforms (Peruzzotti, 2004, p. 10). But soon hope in the new government turned into frustration, epitomised by the large number of blank votes in the 2001 midterm legislative elections. In two districts the votes for all parties combined were surpassed by blank votes (Levitsky & Murillo, 2008, p. 21) – a warning sign that was, however, ignored by government officials. In this precarious economic situation, the administration introduced the *corralito* legislation in December 2001 – a series of emergency measures that restricted bank withdrawals and capital transfers. These measures triggered the massive protests termed *cacerolazos* (loosely translated into “concert of pots and pans”) in Argentina's major cities, chanting *Que se vayan todos!* (Throw them all out!) and eventually forcing the incumbent President Fernando De la Rúa to resign in December 2001. Following this, the political and economic situation was extremely fragile, with five different heads of state, a default on more than \$130bn of public debt, and a subsequent large devaluation of the peso (Peruzzotti, 2004, p. 2).

From Kirchner to Kirchner

Interim president Eduardo Duhalde led the state affairs until the next regular election in 2003. Candidate of the PJ Néstor Kirchner won the elections, a result largely due to the opposition's weakness. He presided over post-recession Argentina for four years during which it experienced export-led growth, rooted not only in soaring commodity prices but also in a strong policy shift; Away from the neoliberal dichotomy between the state and the market introduced by Menem towards more state intervention in a "post-neoliberal" setting, without however returning to the old ISI model (Wylde, 2016, p. 322). The administration adopted an exchange rate policy that focused on maintaining a stable and competitive exchange rate to boost exports and build a current account surplus, while revenues from the export taxes should provide fiscal surpluses that could be used for social welfare and debt repayments (ibid., p. 334). The results seemed to support the measures: The economy grew 9 percent a year between 2003 and 2007, which however also caused inflation to rise again, despite the imposed price controls. Consequently, pre-crisis living standards were soon surpassed. In the period from 2002 to 2007 private consumption increased by 52 percent; unemployment decreased from 20 percent to 9 percent; and poverty rates were halved from nearly 50 percent to 27 percent (Levitsky & Murillo, 2008, p. 17). By implementing multiple minimum wage hikes and encouraging unions' collective bargaining, Kirchner reversed a decade-long pattern of wage-depressing policies, which – along with tight labour markets – brought a 70 percent increase in real wages. Kirchner also pushed through a social-security reform that extended access to unemployed and informal-sector workers, thereby bringing

more than a million new people into the system, and considerably raised investment in public works as well as funding for public education and scientific research (ibid., p. 17). The massive increase in public spending, from around \$1300 in 2003 to above \$2000 per capita in 2007 reflects the strong focus on welfare policies (Wylde, 2016, p. 334). Furthermore, support for Kirchner was also large since he overhauled what was perceived as a strongly politicised and corrupted Supreme Court. He also annulled laws that limited the prosecution of human rights violations of the last military dictatorship (Levitsky & Murillo, 2008, p. 18). However, many of the achievements of the administration have to be put in perspective: Large parts of the drop in inflation followed the creation of "dubious new procedures for calculating inflation" by the Federal Statistical Office INDEC (Levitsky & Murillo, 2018, p. 25). Price controls and economic growth led to limited investment activities and thus limited supply, leaving Argentina – a country rich in natural resources – to become a net energy importer by 2008 (ibid., p. 27). Although the poverty rate did in fact decrease strongly, it was still higher than in the mid-1990s (ibid., p. 28). Even worse, Kirchner governed largely by decree and emergency powers. He also interfered with judicial independence by increasing government control over the appointment and removal of federal judges. Moreover, executive power was incrementally centralised as the province-state administrations' fiscal dependence on national government transfers grew (ibid., p. 19). This increasingly authoritarian rule was feasible since the PJ was able to retain a steady voter base, while the UCR suffered dramatic losses in the aftermath of the crisis (Peruzzotti, 2004, pp. 11-12).

After four years of strong economic growth, and with

the opposition in shambles, a victory by the incumbent Peronists in the 2007 presidential elections was a foregone conclusion. The only surprise was that Kirchner, who remained popular, did not seek re-election. Instead, his wife, Senator Cristina Fernández de Kirchner, ran in his place and became the first woman to be elected president (Levitsky & Murillo, 2008, p. 16). She took office in the wake of the 2008 Great Recession, which saw the collapse of international demand for commodities which Argentina's public finances depended on. Export taxes made up around 12 percent of revenues (Wylde, 2016, p. 335). Moreover, with increasing inflation, the real exchange rate appreciated, decreasing global competitiveness, and thus further eroding the current account surplus. But plummeting demand and commodity prices alone cannot explain the deterioration of the economic situation, as countries in the region also heavily dependent on them were not affected to the same extent. Rather, it was the policy choice that attempted to deepen the Kirchnerism model by further extending welfare, countercyclical spending, and maintaining subsidies and price controls that became incoherent and unsustainable in Argentina's current position (ibid., 336). In summary, "Kirchner refused to sacrifice short-term economic growth prospects – and therefore unemployment and poverty reductions – on the altar of stable prices, even if stable prices may facilitate better medium- and long-term growth prospects" (ibid., p. 337), to the dislike of the (upper) middle classes and the detriment of the productivist pact between labour and business, mediated by the state.

Cambiamos?

In 2015, Mauricio Macri, head of the anti-Peronist coalition *Cambiamos* (Let's change), was elected president, a result which was facilitated by two Peronist candidates rivalling in the election due to an intra-party split. As was often the case, Macri's administration initially fared well in straightening up the ailing economy left behind by Christina Fernández de Kirchner, as it regained access to international financial markets and tackled the fiscal deficit standing at 7% of GDP. However, it did not take long for the next shock to hit the Argentine economy. This time, it was the 2018 Turkish financial and debt crisis that led to a large depreciation of the peso and forced the Macri administration to take on a \$57bn IMF bailout which required austerity measures that eventually pushed the economy into the next recession with resurging unemployment, inflation, and poverty rates (Murillo, 2020, p. 129). Though Macri was not re-elected in 2019, he was still the first non-Peronist president that achieved to finish his term in office. The ensuing handover of power was peaceful, even "extraordinarily" so by Argentine standards (Medina, 2020, p. 149), in spite of the dire economic situation – a GDP contraction of 3% and inflation totalling 240% over his time in office (Murillo, 2020, p. 127).

With the administration of Alberto Fernández, the Peronists returned once again to power. For many Argentinians, the current state of the country mentioned in the introduction might – to use the expression again – have posed a "window of opportunity" to opt for the radical option that promised radical reforms after the COVID-19 pandemic and a currently slowing world economy. At last, the journey through Argentina's choppy history, a population disillusioned and stricken

by a seemingly never-ending state of crisis and underdevelopment, renders the recent election's result more comprehensible, as an appeal to reject the entire political elite that continuously failed to mend and ameliorate economic stability, political resoluteness, and social security.

It remains to be seen what the Milei administration will deliver. Wild libertarian ideas such as selling human organs, but also the ban on abortion were highly unpopular within the Argentine population. Such policies are unlikely to be realised as due to the LLA's minor share in legislative power – especially in the senate – their implementation would require the support of other established parties (Stott, 2023). Moreover, especially the idea of dollarisation is highly unlikely to see the light of day as the country lacks the necessary foreign exchange reserves. The currently unstable situation, with the risk of inflation turning into hyperinflation, is probable to deteriorate, as the current Peronist government has little incentive to combat it. As Stott (2023) rightly observes, "Milei knows he probably only has one shot at getting the economy right. Were his plans to fail, the formidable Peronist political machine would be waiting in the wings to capitalise swiftly on his misfortune."

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